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# ***CENTRAL EURASIA***



# FBIS Report: Central Eurasia

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### National Foreign Policy Priorities Outlined

924C1335B Moscow RUSSKIY VESTNIK in Russian  
No 9, 26 Feb-4 Mar 92 p 4

[Article by Yu. V. Katasonov: "National Foreign Policy Priorities"]

[Text] Russia's national foreign policy is nearing the completion of its mission at a time when the assurance of national survival, the salvation of the Russian State as an independent, intact, centuries-old Russian nation, has become a genuine and urgent priority.

The first part of this issue's solution is to put an end to Russia's movement towards a complete loss of its independence and integrity. It requires the following measures:

- a return to building relations with other states on the basis of compliance with constitutional and international principles of sovereign equality; the inviolability of borders; territorial integrity; non-interference in internal affairs;
- the cessation on Russian territory of any foreign activity—state, private, or international organizations,—that opposes to the principles indicated;
- the abrogation of Russian laws and legal acts that oppose the principles indicated;
- no ratification of international agreements and treaties adopted in violation of the principles indicated, or of the constitutional principle of protection of the interests of the state;
- an evaluation of the agreements and treaties in force with consideration of these principles and, in the event that they do not comply, raising the question of their reexamination;
- the cessation of any negotiations concerning claims by foreign states to Russian territory; any such claims will be regarded as unfriendly and hostile acts (for example, the question of the Kurils);
- the cessation of unilateral and unequal disarmament and disarmament negotiations with other countries and blocs (the USA and NATO), including the possible reevaluation of already-concluded agreements and the adoption of a new military doctrine;
- the suppression of unconstitutional acts whose goal is the further violation of Russia's territorial and state integrity through declarations of "independence" by its autonomous provinces and other territorial formations (for example, Chechnya).

The second part of the resolution of this question is the restoration of the unity of the historic Russian State in its greatest possible integrity, which would transform the problems of interrelations between members of the CIS and the other "independent" states that have arisen on the territory of the USSR from international back to internal. This would require the following measures:

- assuring the preservation of CIS united armed forces; maintaining the location of troops and the fleet in their present distribution in all the former USSR republics;
- facilitating the formation and conduct of a single foreign, internal and economic policy for all CIS members and other former USSR republics, and the creation of the appropriate united structures that this would require;
- before reestablishing a united Russian State, the assurance of protection for Russians and other population groups and persons who consider themselves citizens of the USSR—of the Russian Federation, in the states that have been created on the territory of the former USSR;
- the adoption of measures that would transfer territories populated primarily by Russians (the Crimea, the eastern oblasts of the Ukraine, North and East Kazakhstan, the Dniepr area, the Kazak lands of the North Caucasus and others) under Russian jurisdiction during this transitional period.

The third part is the reestablishment of severed international connections and the development existing ties, first with the states that have traditionally been close to Russia and the USSR. Priority should be shown to the Slavic countries, to building unity with them. Traditional connections with friendly Arab countries, India, China, and other southern and eastern neighbors must be developed. Weakened connections with the African countries, with Cuba and the Latin American states, must be restored. Relations with the developed countries must be constructed strictly according to the principles of equal rights and mutual advantage. Of the western countries, the greatest attention should be given to the development of ties with France and Germany.

Attempts to create a new world order in international relations, the essence of which is the establishment in power of a world government under USA control, should be prevented.

For the future, a comprehensive plan for the national foreign policy and national security of the Russian State should be developed.

### Lalumiere on Russian Interest in Council of Europe

924C1314A Moscow LITERATURNAYA GAZETA  
in Russian No 18, 29 Apr 92 p 15

[Interview with Catherine Lalumiere, Council of Europe general secretary, conducted by LITERATURNAYA GAZETA correspondent Lidiya Grafova, reporting from Strasbourg: "Human Rights Exam": "An Inspiring Interview With an Insulting Conclusion"]

[Text] "Even if it seems to you that we do not always understand you, you should be aware that we have understood the most important thing: our future depends on what happens in your country." This was said by one of the deputies at the latest Council of Europe Parliamentary Assembly in Strasbourg. The question of the former Soviet Union dominated the whole assembly. Europe fears an

*invasion from the East. For the first time Russia was present at the Palace of Europe with the status of specially invited guest, along with representatives from seven former Soviet republics.*

*On the first day of the assembly Catherine Lalumiere, Council of Europe general secretary, granted an interview to a LITERATURNAYA GAZETA correspondent.*

This interview in Strasbourg was a continuation of a conversation which took place in Moscow last fall.

At that time, back in the fall, immediately after the coup, Mme. Lalumiere was attending the Moscow Conference on the Human Dimension, and at a banquet given by President Gorbachev (the first and last banquet that Gorbachev had time to give for the Moscow intelligentsia) she sought out Yelena Georgiyevna Bonner and invited her back to her hotel. I had the opportunity to be present for their conversation, which lasted until after midnight. Mme. Lalumiere was excited over the events which had occurred at the White House, and compared them to the French Revolution. Yelena Georgiyevna, typically blunt, expressed her outrage at the inertia of the West—did they really have to wait for a coup to acknowledge things which had long been obvious, the independence of the Baltic republics, for example? Why did even the Council of Europe fail to respect a people's right to self-determination? Mme. Lalumiere retorted: but that right often comes into conflict with the principle of the inviolability of borders...

I brought a letter from Ye. G. Bonner to Strasbourg with me: she was asking Mme. Lalumiere to send a group of experts from the Council of Europe to South Ossetia, in the hope that their presence might halt the bloodshed... Mme. Lalumiere replied that neither Russia nor Georgia were as yet members of the Council of Europe, and therefore the Council had no right to intervene officially. "The only thing I can do is to inform the members of parliament of your request. They may travel to any hot spot at their personal initiative, ignoring formal restrictions..."

[Grafova] What is the Council of Europe's primary mission?

[Lalumiere] The Council of Europe was established after World War II for the purpose of uniting all the citizens of our continent. The European Convention on Human Rights (which was initially signed by 10 countries and has 26 signatories at the present time) recognizes the priority of common human values as the basis for unity. Even in 1949 the founders of the Council of Europe were well aware that respect for rights as such and respects for human rights and democracy were one of the main prerequisites for keeping the peace in Europe. Democracy is not necessary in and of itself, but precisely because a pluralistic democracy is the best form of social organization, the one which is capable of protecting the individual against despotism.

[Grafova] Numerous organizations for the protection of rights have been established around the world, and many human rights declarations have been adopted. Some of

those documents were signed by the Soviet Union, but that did nothing to increase respect for the individual in our country. Insofar as I am aware, the Council of Europe is the only organization which not only proclaims the priority of human rights but also guarantees them in practice, is it not?

[Lalumiere] The mechanism for effective protection of rights and monitoring of respect for those rights has been developed by the Council of Europe with agonizing effort. Not all at once, of course. Yet today we are already able to point to guarantees. That mechanism involves two working organs: the Commission on Human Rights and the European Court. They mainly handle individual appeals, the individual versus the state. Cases of "state versus state" are extremely rare. For example, Greece became the defendant when the "black colonels" seized power there. And Greece was in fact expelled from the Council of Europe for a time.

First all complaints go to the commission. Only cases in which the individual in question has exhausted all means of resolving the dispute in his or her own country are accepted for detailed consideration. The commission is also a judicial organ; its members are prominent jurists. The same is true of the court, with one member from each of the 26 countries. After studying a case and inviting each of the parties involved to attend, the commission attempts—this is its mission—to find an "amicable solution." If peace cannot be achieved, then the case goes to court.

In fact the mechanism for the protection and judicial monitoring of rights used by the Council of Europe is the only one of its kind in the world. The essence of it is that the countries who are signatories to the European Convention take human rights so seriously that they consent to be judged by an independent international jurisdiction in regard to any and all violations.

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Ah, the European Court! The dream of hundreds of thousands of our downtrodden and abused. I met with many people, those who around here are called the "high officials" of the Commission on Human Rights, the Committee of Ministers and the Court, and they all agreed: it would be good to establish an organ, even a temporary one, to which the citizens of those countries that have not yet signed the European Convention could appeal. And those countries are in no hurry to sign it, out of fear of the Court. This creates a vicious cycle: the citizens of Europe who are in the greatest need of highest-level judicial protection are the very ones who are denied it.

At the Committee of Ministers I was told: "The Council of Europe is a victim of its own success. People have confidence in it, and now it gets up to 860 complaints." I thought they meant per day, and I began figuring: on a good press day LITERATURNAYA GAZETA might get two or three times that many letters. But it turned out that they meant 360 complaints a year! That from all of Western Europe! I also learned that the Court has heard a

total of only 345 cases in the 33 years since it was founded! (The justices only assembly in Strasbourg as needed.)

You may laugh and think: hey, judges, we would like to have your problems... And why even have a European Court, if there is nothing in fortunate Europe for it to do? But the reason that the servants of the law are "idle" is because the Law itself never sleeps. That very same legal mechanism. Not just in the Court chamber, but in every aspect of life.

"The purpose of the Council of Europe's activities is the gradual creation of a genuinely Europe-wide judicial space," said C. Lalumiere in her address to the Moscow Conference on the Human Dimension. "Yes, there are many reasons to hope that all European countries will accept the same legal standards and monitoring mechanism, taking their cue from the highest level. Firstly, that is in line with the widespread image of Europe as tirelessly in search of the highest humanistic standards..."

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[Grafova] It appears that at the end of this year all the countries in Western Europe will remove the borders which divide them. Here, as you are aware, exactly the opposite is happening. As if the West were separated from us by a new, invisible Berlin Wall...

[Lalumiere] I am aware of the tragic difficulties being experienced by your people. And I realize that economic difficulties are a threat to democracy. There is a risk of the emergence of fascism. But I would like to stress the optimistic aspect of what is happening. For the first time since World War II the philosophical foundations of all political regimes in Europe are similar to each other in terms of the fundamental issue: the role of the individual in the state and the individual's rights. That means that the efforts of thousands of men and women in all the countries of Central and Eastern Europe paid off. For the first time we see a real hope that your countries as well will become a full-fledged part of a single European family.

[Grafova] If Russia submits an official application, will the Council of Europe accept it?

[Lalumiere] Minister Kozyrev has already sent a letter to Strasbourg regarding Russia's intention to become a full member of the Council of Europe. That was an initial inquiry. The letter was distributed to all the member countries, and met with a positive reaction. Of course, the countries had their own comments to make; many expressed anxiety over the future of Russia. But all agree that Russia is a country of tremendous world significance. And no one is going to say "no."

Russia is already actively cooperating with the Council of Europe. By a decision of the Parliamentary Assembly the status of a specially invited guest was automatically transferred to it from the Soviet Union. The Committee of Ministers has adopted a decision stating that Russia is now considered a signatory to all conventions that were signed by the Soviet Union. That means that it will participate in the Council of Europe's ministerial conferences.

[Grafova] And the other former republics?

[Lalumiere] Recently I had an opportunity to meet with the presidents and foreign ministers of Ukraine and Belorussia. Like Russia, they intend to join the Council of Europe in the future. Ukraine has also been granted the status of a specially invited guest. Armenia and the three Baltic republics already have that status, and now all of them are asking to be admitted as full members.

The membership procedure usually takes several months. Every country takes something like an exam on human rights. Right now the Baltic countries' dossier is being examined. Our parliament's experts have already been there, and we know that there does exist the problem of the Russians, who now find themselves in the position of an ethnic minority. We will be very cautious and very vigilant. I am supposed to visit the Baltic republics soon...

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...As you know, Catherine Lalumiere has already taken that trip. To Estonia. It was an infamous trip which caused a scandal in the press. The general secretary of the Council of Europe declared that "many foreigners came to Estonia as occupiers." And that now she understands the difficulties of the republic, which has 38 percent foreigners, and that "granting the right to vote to all the Russians in the republic could threaten the Estonians' national identity." I read that article while I was in France (after Strasbourg I spent some time in Paris, attempting to find sponsors for a settlement for potential Russian refugees being built outside of Kaluga); I read it and could not believe that the restrained and kindly Catherine Lalumiere could insult our already persecuted countrymen in such a manner.

When I returned to Russia I collected information. I found out that the Russian deputies, concerned over the reaction to her statement, had issued a call for a retraction from Mme. Lalumiere, but that for some reason she had not replied. Can it be that dissatisfaction with Russia's behavior is the reason for such a harsh position? For example, with the fact that Russia seems to be in no hurry to withdraw its 100,000-man army from the Baltic republics? But should completely innocent people be punished for something which is politicians' fault?

Anyway, why guess? The best thing to do is quote what Catherine Lalumiere told me herself just prior to her visit to the Baltic region.

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[Lalumiere] Yes, things are difficult for the Russians. And we must not forget that when the Russians settled there they thought they were in their home territory. But now... I can imagine what a young Russian soldier must be feeling right now, say in the garrisons of Vilnius, Tallinn or Riga. The psychological conflict is intensifying...

It is no secret to anyone that the people of the Baltic republics have suffered a great deal, particularly during the Stalinist period, and much bitterness has accumulated in their spirits. Now that they have won their freedom they are beginning to manifest tendencies toward chauvinism



and nationalism. That usually happens when a people are liberated. A pendulum swing, so to speak.

The Russians have their own drama. It is very difficult to leave a country where one has long been settled. The economic crisis is intensifying the conflict, because on top of everything else there are disputes over apartments, jobs, cars, etc. But if they do not leave, then how can they get over their habit of giving the orders?

Generally speaking, this is a classic situation, the end of an empire. France was in the same position when in 1962 Algeria demanded its independence and the French were no longer welcome there. It was agonizing even for me, a little French girl, to experience that. And I understand how difficult it is for Russia, as such a mighty power, to find itself in a reversed situation vis-a-vis the former republics.

Both sides will have to have much wisdom to find a solution to this drama. On the one hand, to refrain from vengeance. On the other, to get used to the new reality. I know that the Russian people are a great people not only in number, but also in intellect and in spirit. And, of course, a special responsibility rests on the democrats of Russia.

\* \* \*

As I listened to this monologue, there was much that I wanted to disagree with, or simply to tell of the desperate position of Russians in the republics. In contrast to the French, who were repatriated from Algeria by the government and given a national welcome by the people in France, the Russians have absolutely nowhere to go. Their historical homeland is itself in ruins. Like the mother cuckoo, Russia has scattered her children across the world, and she is in no position now to take care of anyone. What are Russians to do if even in the civilized Baltic republics they are humiliated and persecuted? Yet all through the perestroika period the Russian democrats literally prayed for the Baltic republics, betraying, as is now clear, the vital interests of their kinsmen (Russians in the Baltic republics—the Interfront—were considered *a priori* a reactionary force. Now millions of people scattered throughout the shards of the empire already feel like potential refugees...

No, the time allotted for the interview was up, so I did not have time to say anything. But the next day Lech Walesa spoke much more pointedly about the avalanche of refugees that threatens Europe. Mme. Lalumiere was at that session of the Parliamentary Assembly; on other days she was frequently absent. And I was sorry that the general secretary of the Council of Europe did not hear the Council of Europe's deputies continue their discussion of what today, as the assembly demonstrated, is becoming an object of alarm for our old continent.

#### **Arguments Against Transfer of Kurils to Japan**

924C1335A Moscow RUSSKIY VESTNIK in Russian  
No 9, 26 Feb-4 Mar 92 p 4

[Interview with author Igor Aleksandrovich Latyshev by A. L. Kozin, under "Politics" rubric. "The Kurils Are Ours!"]

#### **[Text] END RUSSIA'S MOVEMENT TOWARDS A COMPLETE LOSS OF INDEPENDENCE!**

**Igor Aleksandrovich Latyshev lived in Japan for fifteen years. He has written several scientific and popular scientific books about it. For this reason, we thought that his opinion on the current state of Russo-Japanese affairs, especially in connection with the growing Kuril Islands campaign, would be of interest.**

**Our observer, A. L. Kozin, spoke with I. A. Latyshev.**

[Kozin] Igor Aleksandrovich, do you know anything about the signing of documents by Minister of Foreign Affairs Kozyrev concerning the Kurils' transfer to Japan?

[Latyshev] First of all, I would like to make it clear that until now, talk in Russian diplomatic circles has been about transferring two islands of the Kuril group. I have no access to government documents. For this reason, I cannot answer you directly. However, today the Japanese press maintains the opinion of its minister of foreign affairs that after the events of August 19-21, "neither Yeltsin nor Gorbachev are against transferring a portion of the Kurils to Japan."

[Kozin] We, to our shame, have grievous experience in the sale of Russian lands without consideration of public opinion: we learned too late that Shevardnadze had sold the continental shelf. Could something like this happen with the Kurils?

[Latyshev] Anything could happen. But in issues like this, the only thing that is legal is the public opinion in our country.

[Kozin] Many of the domestic mass information media are actively agitating for the transfer of some of the Kuril Islands to Japan. In doing so, they maintain that these have been Japanese lands from time immemorial, and are attempting to convince us that the Japanese will build a heavenly life for our citizens. What can you say about this as a specialist?

[Latyshev] Recently, there has also been agitation from Japan. Its government has been allocating large budgetary funds towards propaganda for a long time already. In many Japanese cities, posters have been set up saying "Give us back our northern territories." And in saying this, ultra-rightists are implying not only all of the Kurils, but South Sakhalin, as well.

Now, those budgetary funds are being used to placate Kuril inhabitants with certain "lavish" material promises.

[Kozin] What can you say about that?

[Latyshev] I believe that yielding to Japanese pretensions to territory cannot be tolerated.

Why? In the first place, the Kurils were discovered and developed by Russian explorers. The local inhabitants—the Ayni—received Russian citizenship back in the middle of the 18th century. But at the beginning of the next century, the Japanese, taking advantage of the small number of Russian settlers, gradually forced them out. Our victory in World War II put everything in its place.

Secondly, in giving up even one island, we are robbing ourselves. The richest 200-mile marine zone is off the Kurils: salmon, crab, sea kale, plus useful mineral deposits on the islands themselves... This is billions of dollars!

Thirdly, if we give up even the smallest part of the Kurils, we, ourselves, will be giving other neighboring states grounds for claims on our border territories.

Fourthly, conceding the islands could deprive the Russian Fleet of year-round, non-frozen access to the Pacific Ocean. And this would be a strategic error.

Fifthly, is it fair for a government to sell 25 thousand of our countrymen—not counting military personnel—to a foreign country? After all, the Kurils' inhabitants think of the islands as not just Russian land, but as their own homeland, as well.

And, finally, about the promised "Heaven on Earth." Who knows what Japan, as a rule, would offer citizens of foreign countries.

People of non-Japanese heritage, even if they are granted residence rights in Japan, are deprived of many vitally important civil rights. Among these, the political ones.

[Kozin] Does this mean that Russians would become second-class citizens?

[Latyshev] Definitely.

[Kozin] Some scholars Japan advocates maintain that transferring the Kuril Islands would facilitate the exchange of advanced technologies, consumer goods... And, as we know, the Japanese are the best at this.

[Latyshev] That view is mistaken. Japanese business circles have worked together with us in the past and most likely will continue to work with us regardless of how the territorial debates are resolved. And not without a profit for them. And they don't divulge technological secrets even to the countries with which they have the most friendly of relations.

[Kozin] Are there organizations or parties in Japan that speak out against their government's pretensions to the South Kurils?

[Latyshev] The Japanese are brought up with national ambitions from childhood: in school and at the factories. So even the Communist Party of Japan is now demanding that we transfer to Japan all of the islands of the Kuril group. Most of the parties insist on all four...

[Kozin] And what is your conclusion?

[Latyshev] The Kurils are ours—they are Russian. And they should remain an integral part of Russia.

### Russian-Indian Trade To Resume

Moscow SELSKAYA ZHIZN in Russian 8 May 92 p 2

[Article by Andrei Balebanov, SELSKAYA ZHIZN International Observer: "We Will Be Drinking Indian Tea Again"]

[Text] Of course it wasn't just for the sake of tea that State Secretary of Russia G. Burbulis visited India. At negotiations in Delhi, economic problems were successfully untangled to a significant degree, in particular the problem of India's debt to the former USSR, and the problem of the rupee being partially convertible while the ruble is not. Nevertheless the Reserve Bank of India decided to extend technical credit to Russia in the amount of 2.5 billion rupees. It is proposed that this money will be used to buy tea, coffee, cigarettes, and spices. For its part, Russia agreed to decrease the customs duty that its exporters pay on goods going to India in order to stimulate them to supply goods to the Indian market.

At negotiations in Delhi, the state secretary assured his interlocutors that the Russian leadership fully intends to restore ties between Russia and India that had been eroded in the past. With this goal in mind, President B. Yeltsin will visit Delhi in November - December. It is expected that during the course of this visit an agreement on friendship and cooperation between the two countries will be signed. On the whole the Indian press places high value on the results of the Burbulis delegation's visit. It notes that the development of trade between Russia and India will be promoted by the signing in Delhi of an agreement on trade and economic cooperation over a five-year period. As for problems of bilateral cooperation, they are still to be resolved, especially the latest conflict surrounding the supply of our missile technology to India, which was sharply opposed by the United States. That, however, must be discussed separately.

### Russia's Debt to India Discussed

924A1070A Moscow IZVESTIYA in Russian 30 Apr 92 Morning Edition p 6

[Article by Nikolay Paklin; Delhi, date not given: "India Would Like To Write Off Its Debt, but Russia Opposes This"]

[Text] The Russian-Indian talks on a new correlation between the ruble and rupee concluded without results in Delhi. The only thing the two country's delegations of financial experts were able to agree on was to continue the talks. "The talks were not only exhausting, but also, essentially, aimless," A.I. Potemkin, head of the Russian delegation, told our correspondent before leaving Delhi. "We had to battle a chimera. We do not know who created it, but why it was created is understandable: In order to write off, if not the entire debt, then at least part of it."

### How Reciprocal Debts Were Formed

There are debts and there are debts. We owe India about 35 billion rupees for current trade transactions. This is slightly over a billion American dollars. Our indebtedness took shape basically over the last two years, because we bought significantly more in India than we sold to her. This is not because our goods do not enjoy demand in this country, but because we did not have a sufficient quantity of them in connection with the reduced physical volumes of output and our producers' lack of interest in supplying goods to the Indian market. We took Indian goods on



so-called technical credits. The granting of such credit was stipulated by Soviet-Indian agreements. However, these allowed considerable tilling between the rows: No ceiling was set on technical credit. We used this shamelessly until the Indian side said "enough," and then our essentially almost unilateral trade came to a standstill.

India's debt to the former Soviet Union, according to estimates by the Indian side, is roughly 300 billion rupees, i.e., a factor of 8-9 more than what we owe India. These are payments on state long-term credit, which the Soviet Union in its day granted to India.

We gave the first such credit in 1955 for the construction of the first-born of Indian ferrous metallurgy, the Bkhilay-skiy Plant. That year was a turning point in Soviet-Indian relations. Indian Prime Minister J. Nehru visited us in the summer of 1955, and that fall the then Soviet leaders N.S. Khrushchev and N.A. Bulgakin made an answering visit to India. The visits signified the start of "special relations" between the two countries. After these visits the Soviet Union opened its financial granary to India. The USSR generously granted credits for the construction of metallurgical and machine-building factories, electric power plants, and the extraction and processing of oil and coal, as well as large credits for the purchase of Soviet military technology. At that time we referred to this as economic aid to countries liberating themselves from colonialism. The calculation was above all political: To create heavy industry in these countries, to shape a modern working class there, and to send them along a noncapitalist path of development with the prospect of conversion to building socialism. We saw our historical ally in the developing countries. For the sake of fairness, it must be said that the United States was pushing these countries toward the capitalist path of development. The tug-of-war cost us a pretty penny.

#### **Soviet Credits Are the Most Profitable**

Credit can turn into a heavy burden for the one carrying it, or it can become a pleasant gift. Our trade economists were certain that the credit that the capitalist countries grant related to the former, while ours were the latter. In any case, we gave India credit on conditions that were profitable for her. The payment term was extended for 12-20 years. In practice the repayment of credit began after it was wholly and entirely "consumed." The rates for the credit were laughably low: 2.5 percent annually. In agreeing to such "interest," we knowingly doomed ourselves to a loss.

Another important advantage for India was the payment of credit not in hard currency, as the West required, but in deliveries of their output, mainly the traditional Indian export goods. For this procedure, the Indian government did not have to figure out where to get dollars to pay back the credit. It paid with the tea, coffee, jute, and pepper existing in the country. The credits were expressed in rubles, but India did not return any rubles to us. In supplying her with equipment, lending India great material valuables, we acted to our detriment. For a long time the Soviet people received nothing from such credit.

This credit policy existed until recently with the sanction of the higher party and state leadership. The last large credit gift to India was made by M. Gorbachev in November 1988 when, having arrived for the closing of the Soviet Festival of Culture in Delhi, he signed an agreement granting credit for the construction of a nuclear power plant...

Complex financial relations arise between those giving and receiving credit. If the currency in which the credit is expressed begins to devalue, the debtor gains. Conversely, if this currency begins to strengthen, the creditor gains. A problem faced the USSR and India: How to arrange it such that the interests of the one and the other sides are not damaged when currency exchange rates fluctuate. This task was especially difficult, since our national currencies, the ruble and rupee, are among the non-convertible. After long talks, a unique agreement, unlike any other, was drafted in 1978. The sides agreed to correlate the exchange rate of the ruble and rupee via a basket of 16 basic foreign currencies. Stability was ensured thanks to the fact that, even though the exchange rates of the currencies in this basket change with respect to one another, the value of the basket itself remains unchanged. When the rupee and ruble were correlated to this basket, it turned out that one ruble was 12 rupees. However, at the request of the Indian side, the USSR made concessions even here: The 1978 inter-governmental agreement stated that 1 ruble equals 10 rupees. The deduction of the remainder is highly significant. Therefore, it is incorrect in the extreme to write that the 1978 agreement was unprofitable to India from the very start, as some Indian journalists are now doing. Taking into account that the Indian rupee slowly slid downward, the 1978 agreement protected the creditor from future losses.

#### **Absurdity Squared**

Currencies which no one has ever seen exist in the world. They exist as a means of payment, but not in the form of monetary symbols. For instance, there is the West European ecu. Our hard currency ruble is one of these invisible currencies too. Who has seen one, so to speak, in the flesh? No one. However, it does exist as a conventional unit of calculation. Thus, we granted credit to India, as well as to other countries, in hard currency rubles. They did not and do not have any relation to the actual rubles with which we go to the store. Unfortunately, however, this elaboration was not made in the 1978 agreement. Now, knowingly or otherwise, some Indian newspapers are equating the rupee not to the hard currency ruble, but to our "wooden" one, which has no relation whatsoever to the currency basket. Substitution of the concept leads to the absurd.

In past years, the Indian rupee has decreased in value with regard to the basic hard currencies roughly by a factor of 3. Thus, there were 8.2 Indian rupees to the American dollar in 1978. Now, at the official exchange rate of the Reserve Bank of India, there are 26. The correlation of the rupee to the hard currency ruble has changed in roughly the same proportion: It now costs 31.8 rupees. However, if we compare the Indian rupee to our ruble, which we use within the country, through the American dollar, as A.N.

Prabkh does in the newspaper HINDUSTAN TIMES, one obtains obvious nonsense. A.N. Prabkh proceeds from the auction cost of a ruble: 1 dollar equals 140 rubles, and from the cost of a rupee: 1 dollar equals 30 rupees. Comparing the exchange rates for the ruble to the rupee through the dollar, one concludes that 1 rupee is worth about 4 rubles!

#### One Good Turn Deserves Another

Unquestionably, the Indian economists, discussing the problem of a new correlation between the rupee and ruble with ours, realize the absurdity of such calculations. Their goal is to knock off the Indian debt, but not in such a wild proportion, of course. They have agreed to write it off by half. In what manner? By comparing the rupee through the dollar to the exchange rate for the ruble, which we introduced in November 1990. They propose applying this correlation to the Indian credit debts. However, we are against writing off the debt or part of it.

What could we agree to, however? Obviously, on recalculating the Indian debt at the exchange rate of the ruble to the rupee for November 1990, and reorganizing the difference in the form of a new long-term credit. This is no more or less than about 30 percent of the Indian debt.

In the opinion of our financial experts participating in the talks, the Indian side is aware of the incompetence of its claims. Of course, it cannot be ruled out that India may take a path of unilateral action and decrease the payment of its debt to us. However, such actions would have a boomerang effect: India's solvency rating, which is very high today, would go down sharply. This would considerably complicate its receipt of new foreign loans, in which it urgently needs. The one solution is to solve the problem, generated by the 1978 agreement, in the framework of the same agreement. In this regard, the interests of both India, as well as Russia, would be taken into account.

Our countries are faced with doing business with each other for a long time. A false concept of immediate gain should not push prospects for cooperation into the background.

#### Kozyrev's Persian Gulf Tour Assessed

924C1370B Moscow ROSSIYSKIYE VESTI in Russian No. 6, 30 Apr 92 p. 1

[Report by Pavel Shinkarenko: "Changes Expected on the Arab Front..."]

[Text] **Andrey Kozyrev, the head of Russian diplomacy, has still not returned from his trip to the Persian Gulf countries while Vice President Aleksandr Rutskoy is already on his way to Israel and Egypt.**

Such multiple-level peaceful Russian offensive on the "Arab front" was expected. The bridgehead for it had been prepared 18 months ago, when our country decisively took the side of the states which condemned the military actions of the Iraqi regime in Kuwait. It was on the crest of that wave that diplomatic and trade and economic relations, which had remained frozen for decades, came to life.

"At that time our politicians had not aimed with suitable energy to improve their positions in that area," I was told on the eve of the trip by Viktor Posuvalyuk, director of the African and Near Eastern Department of the Russian Federation's Ministry of Foreign Affairs. "Recent events have shown that this was a major blunder."

Andrey Kozyrev's seven-day trip proved that the support given to the anti-Iraqi coalition was not an impulsive act pursuing short-time political interests. In the course of talks with heads of states and colleagues, Andrey Kozyrev repeatedly heard assessments of the situation in the world and in the Gulf, which coincided with Russia's. Furthermore, commentators who covered the trip repeatedly emphasized that good relations with Russia are an important factor for the stability in the area, for the existence of only one major power, the United States, disrupts this balance. According to Muhammad Bin-mubarak al Khalifah, Bahrain's minister of foreign affairs, Russia is called upon to play a significant role also in the course of the multinational talks which are being initiated to settle the Arab-Israeli conflict. "Russia has abandoned its former one-sided positions," he emphasized. "Washington as well should give up its orientation toward Israel alone."

The trip opened the doors to joint economic and trade plans. The majority of the proposals were submitted by Russian entrepreneurs from Tyumen, Dagestan, Bashkortostan, and other Russian areas.

These assessments proved to be justified. Arab businessmen would like to undertake the joint development of Siberian oil fields and have offered their services in the field of converting defense plants and the development of sciences, particularly aerospace research and medicine. They are also attracted by spiritual life, culture, and sports. In all of these sectors companies are willing to invest a great deal of funds. However, they are concerned about a possible expropriation of their capital as a result of another putsch.

On behalf of the Russian government, Minister Kozyrev gave assurances that foreign investments will be properly protected. In particular, in Kuwait, he reached an agreement with his colleague Salim al-Sabah to accelerate the drafting of a respective intergovernmental accord on the protection of investments.

And so, the trip is coming to a close. Before it started, Andrey Vladimirovich said: "The Persian Gulf countries must become states friendly to Russia."

We believe that his tour has not only brought such a time closer but also created conditions for the success of Aleksandr Rutskoy's mission.

#### Afghan 'Tragedy' Ascribed to RSFSR Policy

924C13694 Moscow NEZAVISIMAYA GAZETA in Russian 30 Apr 92 pp. 1, 4

[Commentary by Mikhail Leontyev: "The Afghan Collapse Is of Russian Making. 'Error' After Crime"]

[Text] The notorious "Kabul regime" has fallen. Armed people, who feel themselves clearly uncomfortable in

urban surroundings are roaming the streets of the Afghan capital which, in turn, has undergone an instant transformation. Along with civil automotive transportation, people in "civilian" clothing have vanished from the streets. Kabul has turned into a Central Asian village, worn out and turned wild after 13 years of civil war. Unwittingly, we mentally associate this with Phnom Penh following the "Khmer Rouge" victory.

What is taking place in Afghanistan today should in no way be described as an upshot, for it marks the beginning of a new bloody chapter of the civil war during the new state of economic and cultural degradation. However, this time this tragedy has a specific maker—Russia. Russia's foreign policy, currently pursued within the short breathing spell between panicky helplessness and masochistic capitulation. After decades of physical destruction of Afghans, who had done nothing to us, we finally strangled Afghanistan economically, simply by turning off the fuel tap.

By the middle of last year, the situation in Afghanistan had stabilized: the regime securely controlled all basic strategic centers and main communications facilities, while the rest of the territory was divided among the different groups of Mujahidin, most of whom simply belonged to local tribal groups. War, in the conventional sense, had come to a close over 90 percent of the territory, and combat operations were being conducted in restricted strategic sectors, above all in the area of Jلالabad and the environs of Kabul, waged by the forces of the "irreconcilables," who had penetrated into the area from Pakistan. Unlike the "Soviet period," the forces of the regime did not launch operations aimed at expanding the area under their control, and nor did the majority of commanders on the field. Commercial transportation moved unobstructed throughout the virtually entire territory of the country, although subject to various requisitions governed by the tastes and needs of the local "bosses." Najibullah's statement that "the Afghan people had switched from fights to fountain pens" could be repeated by virtually everyone in Afghanistan. The war began to be reduced to simply "local encounters." A situation which was more propitious than at any other time for compromise and political agreements developed.

In that situation, the Kabul regime remained the only organized governmental power. Of all Mujahidin leaders, it was only Ahmed Shah Masood who tried to create some kind of semblance of governmental administration. Nonetheless, inflationary Afghan currency was being printed along with rubles, at the Voronezh mint, and freely circulated throughout Afghan territory, including the Peshawar camp. The regime became the exclusive and natural stronghold of urban culture and was supported by the overwhelming majority of Afghan business and urban industry. In one yet possibly most serious area of business, the system remained the same—production of and trade in narcotics. The same could not be said of anyone among its competitors.

Unquestionably, the Najibullah regime did not suffer from any excess of democracy or excessive support of humanitarian values. However, not one of its supporters could boast of success in that area. On the other hand, the very circumstances made Najibullah and his retinue totally replaceable, had there been someone to replace them. Until last winter our influence and positions in Afghanistan remained quite significant, one can only be amazed at how far the credit of trust which the Afghans had in us extended, after all that we have done to that country.

Afghanistan was perhaps the only remaining country to buy our industrial goods, paying in convertible currency. It purchased fuel, paying with such currency and with high-quality raw and agricultural materials. At the December meeting, Najibullah told Soviet journalists: "If you sell us diesel fuel and aviation gasoline the country will survive, if you do not, there will be no country." Russia decided that there will be no country.

The fragile balance in Afghanistan collapsed. The current dismantling process in Kabul is a prelude to the global division of the country, with a more than likely subsequent division between the Tadzhik northeast, Iran, and Push-tunistan, which is openly claimed by Pakistan. All of this creates a threat of destabilization of the entire area, including the former Soviet Central Asia. The actual settling of accounts involving its long-term ally will not enhance Russia's reputation among the countries of Central Asia. I do not believe that the geopolitical chaos which Russian diplomacy left behind in the area would equally be to the liking of our new American patrons.

The consequences of local solutions, based on an already developed Russian foreign policy tradition, once again proved to be global. As Talleyrand used to say: "This is worse than a crime: it is a blunder."

P.S. Despite the fact that the power in Kabul has been taken over by Sehghatollah Mojadeddi, the head of the transitional Mujahidin council, fighting in the Afghan capital has not ceased. The forces of Ahmed Shah Masood, who was appointed minister of defense, are fighting the soldiers supporting Hekmatyar who, only last Monday, accepted the offer of nominating a member of the IPA [Islamic Party of Afghanistan] as prime minister of the new cabinet. The members of several groups of the Afghan opposition are threatening, should Hekmatyar's people participate in the government, a new outbreak of armed struggle.

#### **Afghan Rebel Leader Masood Profiled: War Against Soviets Viewed**

924C13114 Moscow IZVESTIYA in Russian 30 Apr 92 Morning Edition p.6

[Article by Mikhail Kozhukhov, date and place not given "An Islamic Leader by the Name of Masood"]

[Text] Name: Ahmed Shah Masood. Born: 1953. Education: two years at the engineering department of Kabul University. In 1974 he joined the "Muslim Brothers" organization and emigrated the same year. He studied the tactics of waging partisan war in countries in the Near East, Latin

America, and Southeast Asia. According to some data, he personally participated in the actions of Palestine Liberation Organization terrorist groups. He returned to Afghanistan in 1978...

"Ahmed Shah Masood's band was active in Pakistan for a long time. The child of a monarchic family, Masood was an associate of Khekmattar's in the past, but later, having argued with him over the division of riches amassed by robbery in Pandzhsher, he went over to Rabban. A tremendous number of crimes committed against peaceful residents is attributed to Masood's bandit army. Popular power was forced to take steps. The Dushman rabble has been routed! Today the damage done by the band is being eliminated and food and medicines are being distributed among the peasants..."

This was in IZVESTIYA in the spring of 1964. There is not a single shred of truth in the entire paragraph, including where it speaks of the measures that the alleged popular power was forced to take. Today it is no longer known (indeed, is it even important?) whether this story took shape in the offices of the Glavpur army or behind the desks of Agitprop associates on Staraya Square. To make up for it, however, we do know what it is about. It is about the heaviest Pandzhsher operation of Soviet troops against Ahmed Shah Masood, about one of the bloodiest and most senseless military actions for us in the whole nine years of the Afghan war.

The truth about Ahmed Shah Masood is different than in the newspaper. It was gathered in fragments by special service agents and was stamped "For Official Use." Here is the genuine document, compiled by officers of the Main Intelligence Administration of the Soviet Army and not intended for outsiders' eyes.

"Ahmed Shah Masood ('Happy') is the leader of the 'Islamic Society of Afghanistan' group of rebels, one of the most active groups operating in the country. He conducts active military actions against Soviet troops and state power, as well as against posts and colonies along lines of communication in the region of Salang, in the provinces of Baghlan, Takhar, and Kapisa.

"Ahmed Shah is one of the biggest and most influential leaders of the counter-revolution.

"Being a clear opponent to the state order existing in Afghanistan at this time, Ahmed Shah considers the leaders of the PDPA [People's Democratic Party of Afghanistan] and the government his personal enemies. An active nationalist and anti-Soviet, he opposes the presence of Soviet troops in the country. He has close contacts with representatives of leading capitalist states, and is most willingly establishing personal contacts with the French (he speaks French and English fluently).

"He has good organizational capabilities and exceptional personal and business qualities, which contribute to his performance of the functions of leader of a large group of rebels. He is a strong-willed, energetic, bold, and decisive leader. He is adamant in achieving set goals, responsible, and keeps his word. He is an intelligent, clever and cruel

opponent. He has indisputable authority among the ranks of the rebels and a strong influence on the peaceful population.

"He is an experienced conspirator, secretive and cautious, vainglorious and power-hungry. Analysis of Ahmed Shah's closest surroundings enables us to conclude that he does not fully trust a single one of his subordinates...

"He has experience in partisan war, as well as in the leadership of band formations in the course of large-scale military operations and in the organization of diversions and terrorist acts. He is considered one of the prominent military theoreticians and practitioners of the Islamic revolution movement. He has a well-developed general educational and political range of interests.

"Religious, he strictly observes the Muslim way of life. His lifestyle is unpretentious. He is hardy. He dresses modestly. As a rule, he wears a "kuristanka" (woolen headgear) and a uniform in a semi-military cut. He is armed with an AKSU automatic and a pistol."

Not too bad for a "Dushman rabble!" True, Masood paid us back in return, although he was more polite, referring to the Soviet "rabble." After the 40th Army had withdrawn from Afghanistan, he admitted in an interview: "The Soviets fought according to the textbooks that they studied in the academies. However, these said nothing about partisan war. In all the years of military actions, I never encountered a single worthy opponent among them."

There are many legends about Ahmed Shah, for any taste. They tell of the mouths of his personal guards, which are tattooed all over to frighten enemies, the harems that travel behind him, and that Masood would never under any circumstances spend two nights in a row in the same place. Incidentally, GRU secret service data confirm some of these legends.

"Ahmed Shah devotes constant attention to measures to ensure his safety. His personal guard is chosen from among those most devoted to him, and up to three bodyguards are with him constantly. Detachments of up to 100 or more rebels are assigned to accompany and guard him when making marches...

"He has no permanent residences. Meetings in which he participates are held in safe places, predominantly in foul weather or at night for a limited period of one-two hours, after which he departs accompanied by guards in a direction unknown to outsiders.

"For purposes of disinformation about the activity of Ahmed Shah and the places where he stays, rumors are spread among the local population, as well as via secret agents introduced into various state institutions, right up to the highest levels of the party and governmental apparatus, including the Ministry for State Security and Defense. The spread of disinformation about Ahmed Shah's activity contributes to his having become a legendary and semi-mythical figure among the people. Many Afghans willingly accept the most improbable stories about his victories, believe them, and contribute to their further spread, as a rule, elaborating on them."



By the way, there was no need to elaborate overly much: It sufficed to see the Pandzhsher. There not hundreds, but thousands of tons of metal, once former Soviet helicopters, tanks, and guns, are rusting under the Afghan sun. Four full-scale operations against Masood's detachments, involving Soviet and Afghan groups numbering several thousand people, were a fantastic loss of people, forces, and equipment in terms of its senselessness.

Masood had left, having learned all the details of the raids beforehand, leaving behind mine fields, on which our landing forces set down, and barrage detachments, which greeted them with fire.

This was also senselessness because, as it turned out, under Masood's power people lived no worse in any case, than where the not very ardent Afghan revolutionaries, under the protection of our gun barrels, called the peasants toward a bright future. It is not surprising that the Afghans pronounce Ahmed Shah's name with trepidation and admiration, lowering their voices to a whisper and firmly convinced that the legendary commander's eyes and ears are everywhere. Apparently, this was so: It is no accident that both the commanding officers of the 40th Army, as well as our diplomats tried for the whole nine years, as we usually say, "to get to Ahmed Shah," if not to secure his friendship, at least to sign a peace. Incidentally, they tried to annihilate him with the same persistence, too. However... In 1990, having left the borders of the Pandzhsher for the first time (!) to visit Pakistan for a Mujaheddin meeting, Masood said in an interview with the Iranian newspaper RESALAT:

"In the period when Yuriy Vorontsev was the Soviet ambassador in Kabul, he sent me 10 messages and letters requesting a meeting. He wrote of his readiness to be at any place that I indicate... However, to this day I have not met with the Russians."

Only Allah knows how things were in fact: There is no point in laboring under the delusion of Masood's sincerity. Like any Afghan, the "lion of the Pandzhsher," as he is often called, has fully mastered the art of saying one thing, thinking another, and doing—a third...

We "took our leave" of Ahmed Shah poorly. The farewell was called "Operation Typhoon." Perhaps it deserves a special paragraph.

Back in the fall of 1988, several months before the withdrawal of Soviet troops from Afghanistan, Masood led his people along the Kabul-Salang route. Not a single shot at the "rabble" was made in this regard, and not a single Soviet column was attacked. It was obvious, and this was confirmed by intelligence data, that Ahmed Shah would not shoot at the back of the departing "contingent."

However, something else was also obvious. With the departure of the Soviet outposts, the route would remain in the hands of the Mujaheddin and the Kabul regime would not last two weeks: Columns traveled along this route from the border of the Union night and day with weapons, fuel, and bread.

History is silent as to how, with what words the Kremlin persuaded President Najibullah. However, persuade him it did. From Moscow, not from Kabul, the order was sent to the troops to begin operation "Typhoon." The war had ended, but politics continued.

In the Pandzhsher, the monstrous force of an air bombing strike rained down on the villages along the route, using all types of artillery and long-range aircraft, flown in from airfields located in the Soviet Union. Army soldiers said that some kind of cruel, new weapon was used there. No one started shooting at the Soviets after this. But why shoot? There was no longer anyone left to look at our retreating back.

Despite all this, however, Ahmed Shah established absolute control over a significant part of northeastern Afghanistan after the withdrawal of the "rabble." According to a reporter from the Parisian MOND who was with him, he achieved the creation of an administration, police, and other civil structure, there, which "cardinally distinguishes Masood from other opposition leaders." Moreover, in the province of Takhar where his "capital" is located, about 400 schools have been functioning lately, including schools for girls, which "is a radical event for an almost medieval society in a rural area."

No matter how things may have taken shape now, with the fall of the Kabul regime, the fate of Ahmed Shah Masood (he is a Tajik) and his chances at the "primary roles" in Afghanistan are not great: This story may yet have a continuation.

The journalist Vladimir Snegirev, author of the book *Vorzheniye* [Invasion] (in my subjective opinion, the best book on Afghan events published here), managed to meet with Masood at the end of last year. Here is what the "lion of the Pandzhsher" told him in an interview published in TRUD about the operation of 1984.

"A day before the start of the attack, I had a complete representation of your command's plans. I knew every detail, right down to the names of the commanders... My people were among your officers and generals. Some of them worked for money, others because they secretly sympathized with us. Some day I will publish my diary and speak of this in detail."

If he is not bluffing, this will very likely be quite a bombshell.

### Sony To Increase Business in CIS

924A1099B Moscow, NEZAVISIMAYA GAZETA  
in Russian 29 Apr 92 p 6

[Report by Yuriy Meshkov under the rubric: "Briefly:" "Sony for the CIS"]

[Text] Six new models of audio equipment by the Sony Company will appear on the market of the CIS countries in May-August 1992. All of them have been developed specially for CIS consumers and represent the new system family Sony Stereo Plus. Its unique feature is that this radio equipment makes it possible to receive broadcasts in stereo throughout the entire ultrashort wave [USW] range.

(As is well-known, imported radios are set to the upper frequency range of the USW, while the lower USW range is received in the CIS countries; that causes owners of imported equipment considerable inconvenience.) The possibility of having good-quality radio reception throughout the USW frequency spectrum, in the opinion of the Japanese specialists who developed the new series, distinguishes their output favorably from all the other firms which produce audio equipment.

Beginning on May 20, dealers in the CIS countries will begin selling the new products of the Sony firm. And, by agreement with the Japanese side, the equipment can be sold either for hard currency or for rubles. But the intermediary trade firms must settle accounts with Sony in hard currency. The cost of the cheapest Stereo Plus model is 220-230 dollars, and the most expensive is 650 dollars.

#### **US Pharmaceutical Plant in Moscow Oblast**

924A1099A Moscow IZVESTIYA in Russian 6 May 92  
Morning Edition p 3

[Article by Matvey Glebov: "American Medicines Are Being Produced in the Moscow Region"]

[Text] On 4 May a two-story shop built by the American company Bristol-Myers Squibb, which is one of the three leading pharmaceutical firms in the world, held a grand opening in Moscow Region's Kupavna on the territory of the Akrikhin Production Complex.

The first pharmaceutical production facility in Russia to fully meet all international standards has only two types of output. They are korgard (nadalol) and kapoten (kaptopril), which are considered virtually the best medicines for hypertension and coronary defects.

There are 40 tablets in a package. Working with one shift and producing more than 100 million tablets a year, the new shop will avoid the introduction and running-in period which is customary in our country. It will make the medicines from Kupavna very accessible.

The magazine FORTUNE put Bristol-Myers Squibb, with a sales volume of 11 billion dollars last year, in the top 20 supercompanies of its renowned list. Plants in 53 countries and the 2.5 million dollars devoted every day (!) to scientific-research work made the New York firm the world leader in the production of antibiotics, medicines for cardiovascular and oncological patients, and children's diet therapy.

Akrikhin sets the tone for pharmaceuticals in Russia. Its building in Kupavna now has sections with processing, vacuum, air-sluice, mixer, and packaging equipment, automatic washing devices, a company quality control laboratory, systems for air conditioning, compressed air, and dust capture, a water demineralization device that works on ion-exchange resins, and storage areas for raw materials, packaging materials, and finished products.

The general director of the American firm's pharmaceutical group in the CIS, Jeffrey Lock, noted he was extremely impressed by the very involved approach of Ivan Tulyayev, Akrikhin's director. Nonetheless specialists

from the United States in product quality control and sophistication of production will be retained in our country for another one and one-half years to train their Moscow Region colleagues thoroughly.

On the eve of the opening of the new shop, the partners signed a protocol of intent regarding the possibility of building capacities in Akrikhin to produce tablets and ampules for injections for oncological patients. The Americans, it is true, hope that Russia will be able to subsidize some part of the new project.

#### **Chinese Business Association Builds Office in Nakhodka Zone**

PM0805160392 Moscow ROSSIYSKAYA GAZETA  
in Russian 7 May 92 First Edition p 1

[Untitled report from the ROSSIYSKAYA GAZETA and ITAR-TASS roundup under the "News in Brief" rubric]

[Text] A plot of land for construction has been leased for 50 years in the "Nakhodka" free economic zone by Chinese businessmen from the city of Dalian. Construction of the 11-story building, which will house the offices of the Dalian Association for International Economic and Technical Cooperation, has begun.

#### **Communist Delegation Visit to DPRK Detailed**

924C1370A Moscow NEZAVISIMAYA GAZETA  
in Russian 25 Apr 92 p 2

[Article by Anna Ostapchuk: "In the Korean People's Democratic Republic the People's Masses Continue To Love Kim Il-Song, and Nina Andreyeva Is Recognized on the Street"]

[Text] A delegation of various communist parties from the CIS recently returned from the Korean People's Democratic Republic. They had been invited to attend the celebration in honor of the 80th birthday anniversary of "Kim Il-song, the Great Leader." Some delegation members stayed behind to take part in the Korean Army Day celebration, which took place 10 days later. Actually, not all left-wingers were invited, but only those who had not abandoned the principles of true socialism. Naturally, this includes members of the VKPB—the all-Union Bolshevik Communist Party ("Nina Andreyeva's party")—the Russian Communist Workers Party (headed by its Leningrad leader Viktor Tyulkin), and the Union of Communists (Aleksey Prigarin, chairman). Those on the extreme right of this entire cohort were the "socialists," members of the Socialist Working People's Party (SPT).

The guests were housed in the 45-story high Korea Hotel (according to experts, as good as the best Hilton-type hotel). They were welcomed by personnel of the international department of the Labor Party Central Committee of the Korean People's Democratic Republic. During the ceremony it became clear that the most popular personality among all the delegation members was Nina Andreyeva, general secretary of the VKPB. The name of this "fiery revolutionary," was familiar to Korean school students and she could be recognized on the streets of Pyongyang.



The main action (other than the solemn reception by the celebrant) was the signing of the so-called Pyongyang Declaration by the leaders of the various communist parties: a quadripartite document the signatories to which testified that socialism can be defeated only wherever the state had had the wrong leadership, and that it is blossoming in the countries where it is properly led.

The guests coming from Russia were totally immersed in shame for their domestic revisionists and opportunists. Aleksandr Lapin, VKPB Central Committee secretary, said that his party deems it its duty "comprehensively to defend the bastions of socialism," such as Cuba and North Korea, especially against the attack of the "CIS" press.

The reception given by the Great Leader, whose anniversary was being celebrated, was indeed splendid, although differentiated. The heads of the delegations were received in the presidential palace, where a 1,000-people luncheon was served. Nina Andreyeva even had her photograph taken along with Kim Il-sung and Honored Leader Kim Chong-il. The members of the delegation—those of lower rank—were welcomed in one of the governmental residences.

The cultural program was exceptionally rich. The charmed strangers from post-communist Russia were particularly impressed by the stations of the Pyongyang subway, "much more beautiful than those of Moscow," and by the Pioneer Palace consisting of 500 premises, which was inaugurated last year, the West Maritime Hydraulic Power Complex, and other installations, personally hammered out by the Great Leader and the Honored Leader, aimed at proving the advantages of Korean socialism.

To the orthodox Nina Andreyeva supporters, this trip was not only an international recognition of their precise line of restoration of socialism but also an inspiring factor in their internal political struggle. Aleksandr Lapin told NG correspondent that now his party's leadership is studying Kim Chong-il's book *"The Historical Experience in the Building of Socialism and Our Party's General Line,"* and intends to make use of it in "raising the people's masses in the spirit of communism."

"We envy no one," are the opening words of the Favorite Song of the Korean people. Fin'ling themselves in the cherished future of their dreams, the Russian communists were, judging by all appearance, desperately "envious."...

Recently, according to a RIA report, invited by the Belgian Labor Party, Nina Andreyeva visited Brussels, to participate in the May Day celebrations which will be organized within the walls of the Free Brussels University.

#### **Protocol on Tatar Gas Delivery to Hungary**

Moscow *DELOVOY MIR* in Russian No 84, 30 Apr 92 p 4

[DELOVOY MIR Teletype report: "Tatar Gas Begins To Flow to Hungary"]

[Text] Budapest. A protocol of intent to supply gas from Tatarstan to Hungary has been signed in Budapest. As a result of negotiations an understanding was reached on

signing a corresponding agreement. It is expected that by the end of this year around 1 million tons of Tatar gas will be received in Hungary. In the future this volume will double. In 1992 Tatarstan has supplied Hungary with 320,000 tons of gas.

#### **Foreigners Collect Trademark Forgeries**

924A1099C Moscow *NEZAVISIMAYA GAZETA* in Russian 22 Apr 92 p 6

[Unattributed report: "Foreign Collectors Buy Forgeries"]

#### **[Text] Situation**

Nikolay Pobelenskiy, deputy chief and expert of the department of trademarks and industrial models of the Soyuzpatent Chamber of Commerce and Industry of Russia, believes that our buyer is not accustomed to looking at the trademark as a legal regulator.

A trademark is the property of the state. Copying it on a private basis is a criminally punishable act. But that is how things stand in the West, where the entrepreneur is protected by law. Our "pirates," on the other hand, easily forge trademarks, without taking particular care to make sure the forgery is a good one.

It is useful to mention this because all folk craft items, for example, have their own marking—an officially registered trademark.

Famous Khokhloma labels its work with a monogram from the letters "Kh" and "R," which means "Khokhloma painting." Kholuy uses a graphic representation of the firebird. Palekh has a similar representation, but still different—instead of a firebird it puts the signature "Palekh" on its items in a unique script. Gzhel will always be written in the center of the plant's emblem.

Foreign lovers of Russian painting are involved in a somewhat unexpected kind of desecration these days. They are no longer buying up the pictures of avant-garde artists by the dozen. Demand for them has fallen. But the price for a painting done in the traditional style has risen. "Dealers" merely make sure that the pictures are dated no later than the 1970s. At the same time it is mostly sketches obtained for symbolic payment that are circulating. It is true that the sketches are not as popular among customers as studies and unfinished works.

#### **German Justice Official on Honecker Case**

924C315A Moscow *LITERATURNAYA GAZETA* in Russian No 18, 29 Apr 92 p 9

[Interview with Detlef Borrmann, high-ranking official of the Ministry of Justice of the Berlin government, and Uta Felster, leader of the ministry press service, by *LITERATURNAYA GAZETA* observer Vladimir Simonov: "Honecker: The Kiss of Themis. What Will Happen to the Former GDR Leader if They Get Their Hands on Him in the New Germany? Berlin Authorities Answer"]

[Text] Berlin-Moscow—The rains will never wash away the gigantic picture created by some unknown artist on the wall that once divided Berlin into halves. Brezhnev is kissing

**Erich Honecker.** It is a long-drawn-out Brezhnev kiss, his chin pressed into the GDR leader's well-groomed cheek.

Honecker loved having distinguished kisses bestowed upon him. There is a famous photograph in the REUTERS bureau in Berlin. This time it is Gorbachev and Honecker. Lips reach out to lips, extending beyond the nose. The passion of international solidarity is about to be kindled.

Today Honecker is awaited by the cold, harsh embraces of Berlin justice. It is the capital courts that will try his case. When, how, and on what charges? LITERATURNAYA GAZETA observer Vladimir Simonov's questions are answered by Detlef Bormann, a high-ranking official of the Ministry of Justice of the government of Berlin. Uta Felster, leader of the ministry's press service, also participates in the conversation.

**Simonov:** We know that Honecker will be turned over to Berlin. Less is known about the nature of this person's guilt. It has been written that he gave the order to shoot those who were fleeing over the Berlin Wall and that he transferred hundreds of millions into Swiss banks...

**Bormann:** The official charges will be announced in the near future. So far, all we have is the order for Honecker's arrest. The document was approved by two high courts. On the arrest order the charges are worded as follows: Contributing to murders on the border.

**Simonov:** What is the connection between Honecker, as the leader of the state, and the murders on the border committed by people who were guarding it?

**Bormann:** This is probably one of the most important questions. Indeed, the murders were essentially committed by the Border Guards. So our court has to prove that Honecker created the legal basis for these crimes. Public opinion, incidentally, is inclined in this direction. We are receiving a large number of letters and appeals from citizens accusing us, as the German proverb goes, of "sending the little guy to the gallows while the big ones go free." Is there something analogous in the Russian language?

**Simonov:** That is apparently a version of our saying about the little guy. And so there is lively discussion in Germany. Some people insist that Honecker acted in keeping with the constitution of the independent state of the GDR. Indeed, why is one part of the unified Germany judging the other? What position do you hold in this discussion, Detlef Bormann?

**Bormann:** Again this is a very important question which is being raised before the court. As an official, I cannot express my personal opinion. As for the Procuracy, it has come to this conclusion: Honecker may be included among the suspects. The court gave an even stronger assessment than the procurator, stating that there are serious grounds for this suspicion. The thesis you mentioned, of course, will be the lawyers' main weapon. Some of Honecker's defenders have stated that during the trial he will present documentary videotapes of the former GDR leader's visit to Bonn and the visits of Bonn politicians to the Leipzig Fair in the GDR. Thus Bonn, according to the lawyers'

reasoning, acknowledged its recognition of the constitutionality of the Honecker regime.

**Felster:** In Germany there have already been two trials of Border Guards who fired at GDR citizens. Two different legal approaches and two different positions were in evidence there. One is that the laws concerning the border and GDR criminal legislation as a whole contradict basic human rights and, therefore, from the very beginning they must be ruled out as a justification. The others say: No, these laws had state-legal force. This dilemma complicates the administration of justice.

**Simonov:** The world remembers how Honecker suddenly disappeared and then turned up in the Soviet Union. This is a matter of the past and, therefore, could you tell us how the German authorities felt about this gesture of hospitality from Gorbachev at the time?

**Bormann:** We regard this action as illegal. We announced this to the Soviet Government and then reaffirmed it to the government of Russia. This episode violates international law. The only thing to do was to return Honecker to Germany.

**Simonov:** What is Moscow promising you now?

**Bormann:** It is within the jurisdiction of the Federal Government. At the same time, I recognize that it will not be easy for the government of Russia now. A person in a foreign embassy is always a problem. It is difficult to say whether Moscow will support Chile's position or exert some pressure.

**Simonov:** And if we get away from legal formulations and look at all this as a human affair? Do we not have before us an old man who has lived his life, who is feeble and is largely estranged from everything happening around him? Does he not deserve a little magnanimity?

**Bormann:** It will not be possible to pardon Honecker until after the court gives its decision. It is impossible to grant a pardon before the trial. Many doubt the usefulness of these proceedings against Honecker. Others consider them necessary. Public opinion polls have produced various results. If we refrain from prosecuting Honecker this could mean that we do not have the right to prosecute other citizens of the former GDR who also have legal charges against them. The revolution in Germany—I have in mind the reunification—was not bloody, for which we are grateful. But at the same time this means that the revolutionary act did not acquit all the negative aspects of the past. The past has not been buried. We must deal with it—the past—and do it within the framework of a rule-of-law state. This approach was accepted by the partners in the reunification of Germany and also by the four powers.

**Felster:** There can be no thought of revenge of any kind from the community or from the justice department. The Honecker case will also be considered from the standpoint of whether or not his actions contradicted legislation of the GDR. They are relying mainly on this. As for your reproach that we are speaking about a sick old man, the laws of the FRG envision release from judicial prosecution

and from jail because of health factors. As soon as Honecker appears in Berlin it will immediately be clear how his health is and whether he is capable in the legal sense.

**Simonov:** Have the Berlin authorities thought about the living conditions in which Honecker will end up after his possible return to Germany? Will they put him in jail right away or will they do something else with him? Will there be any pension for him or stipend for his family?

**Borrmann:** At the present time there is even a controversy as to whether his pension should be sent to where he is now, that is, to Moscow. Whether he will go straight to jail or remain free until his trial is a question of measures to ensure the defendant's appearance in court. This does not

depend on whom we have before us, Honecker or any other citizen. Honecker's lawyers may demand that the measures to ensure appearance in court be changed or even appeal the order for his arrest.

**Simonov:** LITERATURNAYA GAZETA thanks you, Frau Felster and Herr Borrmann, for the conversation, which will undoubtedly be of interest to our readers.

**Borrmann:** LITERATURNAYA GAZETA is well known in Germany. For many decades the opinion of LITERATURNAYA GAZETA has been mentioned in the foreign press as an influential and independent voice from Moscow.

## COMMONWEALTH AFFAIRS

### KGB 'Spy' School Past, Apparently Present Work Profiled

924C1331A Moscow KOMSOMOLSKAYA PRAVDA  
in Russian 29 Apr 92 pp 2-3

[Article by Aleksandr Vasilyev: "Do You Sell the Slavic Strongbox?"]

[Text]

#### "Yurmala"

They do not know each other's real last names, only the first name and the patronymic. Upon admission, each person receives a "school" name which begins with the same letter as the real name. Studying together for 2 or 3 years and even living this entire time in one room, it is possible not to know what the real name of your classmate is. And if he were to reveal his real name to you, you should wonder whether to trust this. In formal terms this is a major violation of the conspiracy rules. If a future traitor is being taught in the course, he could immediately turn over to his masters (Americans, English or Chinese) the data on several score young intelligence agents scattered around Yu.V. Andropov, in common parlance known as the "spy school."

This did happen in the mid 1980s. In 1985 or 1986 (it was not possible to establish when) the traitor Piguzov was arrested and executed; he had been the party committee secretary at the Red Banner Institute [KI] and consequently had access to the photographs of all the students at the KI and the so called "set data" about them including: real last name, first name and patronymic, place and year of birth, as well as information on wives and children. Evidently he was able to pass on this information for the graduates of several years, not the party glib type ("he is humble and responsive, maintains stable relations with comrades") but true, Chekist ones which were drawn up over the entire period of study and which for the recruiting officer of the enemy special services are priceless as everything was ready. God only knows how many failures of Soviet intelligence rested on the conscience of Piguzov. Those betrayed by him remember him sitting in the presidium beneath a bust of the leader and mouthing the right words. They also remember the textbook written by him under the title "Inostranny yazyk v razvedke" [Foreign Language in Intelligence Work].

In a wooded area near Moscow, well built brick buildings on a decent-sized territory are concealed from outside eyes and fenced off by two concrete fences with barbed wire, an alarm system and TV monitoring cameras. If a mushroom picker or hunter accidentally reached them, on the fence he would read: "Laboratory of Scientific Research Institute..." for such and such problems. It was clear, this was a concern of science. And it would never occur to the mushroom gatherer that he had stumbled on one of the faculties of the KI. There are various faculties depending upon the period of instruction of one, two and three years. They do not train illegal intelligence agents here. They are

an individual commodity and are trained at the secret apartments in Moscow with visiting instructors.

If the mushroom picker could climb onto the fence, he would see, in addition to the five-story training and residential building, a covered gymnasium, a swimming pool, a couple of tennis courts, and a paved road on which the future spies run cross-country. This, in particular, is how Yurmala looks, the two-year faculty of the KI, and where I, having surmounted a mass of obstacles, was able to make my way, in truth, not over the fence, but legally. Yurmala is the unofficial name thought up by the graduates precisely of this facility for its coziness and greenery. Generally, spies obviously gravitate to nature. It is said that while holding the post of head of intelligence, V.A. Kryuchkov ordered the release of ducks on a pond which he had at the headquarters is Yasenovo and later carp were also released here. The ducks settled in and began to produce ducklings and these began to be hunted by crows. The warrant officers ["praporshchik"] guarding the facility shot crows with a rifle and hung them in the trees to frighten off the survivors. In the summer the carp were netted and a portion was given to the Chekists for food and the other portion was sold to them through the store.

#### The Training Process

Every Monday morning a pair of buses leaves one of the outlying subway stations. Their stopping place and time of departure are strictly set. After about a 40-minute trip, the buses turn into the woods by the "brick building" and after another several minutes, here it is, the "Laboratory of the Scientific Research Institute." There is just time to run to one's room and change the worn jeans for a suit and tie (this is obligatory) and then to class. One will go home again only on Saturday after lunch. Of course, it is possible to obtain leave in the evening, but then a good reason must be thought up in order to obtain special leave. And in the morning you still have to be back.

They endeavor to teach everything, from philosophy to cybernetics, but the main thing is foreign languages and special subjects. Every student is in part familiar with these disciplines. Approximately one half of them a year or two ago had completed the elite Moscow VUZes [higher educational institutions]—MGU [Moscow State University] or the Institute for Foreign Languages for International Relations. Quite recently they passed the state exams for political economy and philosophy and are beginning to study a second or third foreign language to broaden their viewpoint. They must be flexible in life: if you are expelled from Great Britain, then you can go off to Latin America.

As a rule, the languages are taught by the youngish graduates of the same VUZes and often a piquant situation arises: the future "intrepid recruiting officer" and his "professor" have studied on the same course and know one another perfectly well since they had met repeatedly in the very laid-back student parties. But at the KI they behave differently, as this still is the KGB and only at times, when their glances meet, do they grin recalling former times.



Good looking girls are also teaching. They often marry their charges. Living in a semibarracks situation, the bachelor spies find it difficult to find a girlfriend on the outside and here you have a good-looking girl who speaks French, her father is a retired Chekist, that is, all the questionnaire data are in order. As they say, "the candidate wife has been approved by the Reichsführer SS." In truth, there are also tragic marriages. A teacher of English who had a score of students chasing her married an American, an agent in Soviet intelligence whom they had been able to save from arrest by the FBI and bring to Moscow. After some time, he committed suicide.

Generally the intelligence agents have a special attitude toward their wives. The often-heard expression of "comrade in arms" is all the same the truth as they often participate in operations. For this reason the Chekists react strongly to the betrayal by the wife. In Lefortovo Prison, Volodya Belov (his "school" name) is serving his sentence. He is a handsome Scandinavian type, an athlete and a favorite with the women. He was already working at the Center and preparing for a mission "to a country with a complicated agent-operational situation," but he knew that his wife was unfaithful. He went to his superior and requested a divorce. The chief, indignant, said who do you think you are, everything is already prepared, they are waiting for you in the residency, make up and be gone. Having caught his wife out again, Belov murdered her and then went into the kitchen, closed the ventilating window and turned on the gas. By chance his father stopped by for a visit.

Those who are over 30 find the languages hard. They have arrived via the Army, a provincial VUZ, as a rule, a technical one, the higher KGB school or the special courses, and have worked in the territorial bodies. Previously they caught dissidents and bandits, they oversaw the police and protected the tank plant against penetration by agents of imperialism and Chinese hegemonism. Languages were hard, but on the other hand the special subjects were easy as they had a lot of practice and the instructors themselves could learn something. But, like the young people, they took down the lectures neatly. "Recruitment is the attracting of a foreigner to secret collaboration..."

There are several special subjects including: the theory of intelligence with how to recruit and maintain contact with an agent, how to gain secret information; domestic counterintelligence, or how to recruit a co-worker from enemy special services and protect ones from him; technical subjects such as photographing with a "cigarette lighter" or "pen," long-distance transmission and reception of information; and the preparing of hiding places; operations psychology, or how to determine the character of an essential person from his gestures and facial expression, how to win his trust, how to make a good impression on him and generally to be a "great friend." Of course in paractice everything is more complex and even a large number of practical exercises is no guarantee that you will at one time become the "intrepid recruiting officer."

### *The "Villa"*

In one of the northwestern rayons of Moscow there is a facility known as the "Villa" and this is also a well-built brick building and also surrounded with a fence and an alarm system. Here, twice a year, the students undergo practice exercises in simulating the work of the residency, and for a couple of weeks Moscow for them becomes Paris, New York or Antananarivo. In the morning they set off on a "solo swim" through the city and return in the evening.

First of all, it is essential to learn to check onself against "outside observation," that is, whether anyone is following you. And this must be done in such a way that "the outside observer" does not realize that you are checking. You must not turn around quickly, run around a corner and then peer out from there or run up a down escalator. Everything must be natural. In every city there is a certain type of place where it is possible to make an unnoticed check. I was not able to find out what they look like as I was told what did I want to know that for.

At a certain time and at a certain place in the city a student of the KI stops with an identification sign in his hand and stands there for several minutes while he is identified by co-workers from the "outside observation" brigades. Of course the "spy" does not see them, as he should detect and identify them on a previously chosen route which is designed for three hours. It is very hard to do this, since they employ real working brigades which in Moscow are following co-workers from the foreign special services. And they do not merely walk along, they spell one another, they change clothes, they use wigs and beards and so forth. The most difficult is to detect a female brigade, as this somehow seems unlikely. It does happen that they do not discover them. But even worse is when there is a "detection," but it was not the "observer."

When the route has been covered, there is a "contact operation" with the use of a hiding place or a personal meeting with the "agent." Establishing a hiding place is an entire science. It is essential to choose a place so that the approach to it by the intelligence officer appears natural, so that no one sees the quick motion of the hand, even accidentally, and so that the agent later can find the hiding place just as accurately and remove the material. Under actual conditions, this is even more complicated. For instance, in Africa you have found a hollow tree, you have established a hiding place with monetary remuneration for an agent with the alias Coffee, and on the following day, he arrives, puts his hand in the hollow tree, but a poisonous snake had already settled in and Coffee is no more. In poor countries it is dangerous to use, for example, a tin can as it is immediately picked up and licked clean by hungry children. But in well-off Western Europe you must not throw a packet of Marlboros on the street as the garbage man will pick it up. There they wash the sidewalks with detergent. All of this is called the "details of the agent-operational situation."

The KI students learn to work with agents with the aid of "private teachers" (in slang "privates.") These are intelligence veterans who have agreed to pass on their combat

experience to the younger generation. Why sit at home, it is much better out of doors with the youth. There are various "privates." There are those who were discharged at various times for failings in operational work, and if you are lucky you will get a hardened old man who in the 1940's in the U.S. secured the blueprints for the atomic bomb or worked with the English "Golden Five." The future spies try to find out ahead of time, from the older classmates, what the "private" likes: to stroll down the avenue or to be invited to a restaurant for a meal—and that is what they do.

With the "privates," they work through various situations which occur in real agent work. For example, the local authorities have expelled our intelligence officer from the country, but a valuable agent, thank goodness, is in place and unharmed. With each such agent an arrangement is made ahead of time that if the intelligence officer has disappeared, you should go to the permanent rendezvous place at a certain time with some identifying signal, for instance, a copy of *PLAYBOY* in your left hand. Sooner or later someone will approach you and say the password and you should give the reply. This is the new man from the Center.

Here is a training problem which requires definite artistry. The student tired by the three-hour test route and having not discovered whether the "observer" has been on his trail sees the "private." He goes up to him and usually the first words are about the weather or such as "Dad, aren't you cold?" and then comes the password, and if the veteran of Soviet intelligence has not forgotten it, the reply. Let us also assume that the "private" is an artist and hence he is lucky. He exclaims: "Well, finally you have come, Comrade! I really want to get to work. I hope that you have brought me the materials of the recent CPSU Congress and the medicine for my poor mother?" It is a bad thing when the "private" is not rich in fantasy. To the happy pratter of the student "How happy I am with our meeting, Mr. Smith!" he sullenly replies "My name is Ivan Semenich. Young man, let us from the outset agree on just how you and I will deal with one another."

It is not easy to think up a good password. "Do you sell the Slavic strongbox?" is impossibly primitive. The password should be such that a person passing by, in accidentally overhearing it, would not be surprised, that is, the words should correspond to the rendezvous point. On the other hand, it must be universal and suitable for any place. For instance a horse track has been chosen as the permanent rendezvous point, but it is closed for repairs. You could also meet the agent with whom you must establish contact at a diplomatic reception. Hence the password and the reply should be suitable to both the reception and the horse track.

There are also harmful "privates" who test the young people for psychological stability. Here is one of the special cases involving one of the students. The rendezvous was set for the Moscow Zoo. The old man was standing at the designated spot, with the journal *KONEVODSTVO V SSSR* rolled up in his right hand. The student went up to him and after several pat phrases said the crucial "How

wonderful is the animal world!" All this was according to theory, as it was suitable for the zoo but could also be said on a ship. The "private" was to reply just as affirmatively, "Particularly the feathered world!" But he changed the subject. The future "knight of the cloak and dagger" mumbled about one thing or another and then brought the conversation back to "the wonderful animal world." And again no intelligent reply. After a third failed attempt, the student turned and was about to leave when the old fellow took pity on him and said, "And so it is, young man, particularly the feathered world! But your password is no good."

Psychological testing of another sort is also arranged and the "outside observer" brigade simulates an arrest and does this at the most crucial moment at the hiding place, in meeting with the "private," and so forth. They play for keeps and they put on handcuffs, they question witnesses and take the person to the police station. The most important thing is to force the student to believe that they have confused him with someone else and that all this is for real. And when he finally, in a lather, whispers into the ear of the "senior man," that he is from the "bodies," this is the end. He did not hold out and gave himself away. Often such an episode puts an end to an entire future career.

The people around respond to such scenes in an interesting manner. Previously, during the years of stagnation and early perestroika, passersby stopped and even helped to tie the arms of the students while others nodded their heads approvingly: "Have they really caught a spy?" "A spy, grannie, a spy," replied the "outside observer." "It serves them right, anti-Christ," said the public in indignation and offered to be witnesses. Now they prefer not to intervene: if the racketeers are murdering a cooperative member or if the police have caught a racketeer, stay away; that is not your concern.

## ECONOMIC AFFAIRS

### Dealer, Broker Reps Urge Review of Exchange Legislation

92151105A Moscow *PRAVDA* in Russian ~ May 92 p 3

[Text of "Appeal to the Presidents, Heads of Government, and Parliaments of the Independent States and Former Republics of the USSR"]

[Text] Representatives of alliances and associations of stock brokers who came to the meeting in Samarkand are noting with alarm the continuing economic decline in our states with essentially no structural reorganization of the national economic complex, which will inevitably lead to an economic crash.

Declarations on the necessity of a transition to the market are not accompanied by effective legislative and enforceable acts guaranteeing favorable conditions for market reform.

The decisions being made at the level of legislative and executive authority are giving rise to negative phenomena.



including in the commercial area. Artificial restrictions introduced by corrupt officials of state agencies are generating "black" markets.

The exchanges are called upon to replace the previously existing administrative-command mechanism for the distribution of raw materials and finished output. While their work has just begun to get organized, the legislative acts that have been passed, including a suffocating tax system, are practically ending the possibility of their further development. As a result, the old economic system has ceased to function and the new one has not yet started to work.

For this reason, we are appealing to the agencies of legislative and executive authority with the urgent proposal that they review the existing legislation on exchanges, having established a working group made up of representatives of exchange structures of all regions, having in mind the establishment of:

- a tax system promoting the development of exchange trade;
- a system for the import and export of exchange commodities and replacement of licensing and the use of quotas with a system of regulated customs duties;
- a unified system of regulated currencies in the territory of our states, including the establishment of a unified system of interbank clearing accounts;
- other economic conditions favorable for exchange activities.

Samarkand  
April 1992

### Central Asia, Kazakh Exchanges Issue Economic Reform Declaration

92US0465A Moscow PRAVDA in Russian 7 May 92 p 3

[Declaration: "Samarkand Declaration of the Association of Exchanges of Central Asia and Kazakhstan (ABSAK)"]

[Text] The members of ABSAK note that the efforts of the leaders of the five independent states of Central Asia and Kazakhstan to establish a unified economic territory are running into the inertia of administrative structures. The constructive ideas of the democratic public and business circles are being throttled by conservatives holding important positions in the parliaments of the republics.

The crisis situation in the society and economy are fertile soil for the development of destructive tendencies that are being utilized by conservative forces. The abrupt weakening of authoritative structures, the excesses of spontaneous privatization, social and interethnic conflicts, and the embryonic nature of political parties with a democratic orientation are all creating a situation of instability and hindering the natural social and economic development of our region.

The association affirms its striving to develop commercial ties between the kindred states of Central Asia and Kazakhstan and to systematically expand the market territory. The members of ABSAK declare the necessity of uniting

the efforts of entrepreneurs and the democratic public to achieve political tasks and to establish a Forum for Democratic Reforms.

The primary objectives of the forum are:

- economic regeneration of the states of Central Asia and Kazakhstan through the extensive development of market relations, acceleration of the processes of destatization, and utilization of the very rich natural resources of the republics; restoration of economic, cultural, and other ties with foreign countries; reestablishment of the social stratum of entrepreneurs;
- strengthening of constitutional authority and the lawful bases of the state and formation of a civil society;
- the counteracting of all destructive forces hindering the development of the market and enterprise;
- guaranteeing the conditions for the resolution of all problems and conflicts on the basis of civil agreement. Consolidation of all progressive forces for the restoration of moral values and the unique cultures of the peoples inhabiting our republics.

The forum is resolutely in favor of the acceleration of economic reforms and the further democratization of the society and categorically rejects the possibility of a return to the totalitarian past. It will consistently oppose any forces impeding the progress of our society.

The forum is prepared for constructive dialogue with all political forces of the states of Central Asia and Kazakhstan.

Passed at the extraordinary meeting of the board of ABSAK  
23 April 1992  
Samarkand

### Byelarus-Russia Industrialists Sign Accord

924A1100B Moscow RABOCHAYA TRIBUNA  
in Russian 6 May 92 p 2

[Report by Olga Vlasova: "Prospecting by Agreements"]

[Text] On 28 April, the Byelarusian Scientific Industrial Association and the Russian Alliance of Industrialists and Business Owners signed a joint program on the development of reciprocal trade and economic cooperation. They will bring this about, the document states, by "establishing favorable relationships between the participants in both republics."

Business circles in the two republics are giving priority in their activity to stabilization and development of industry, trade, and scientific and technical interaction. In order to achieve this goal, the partners intend to struggle against the obstacles in taxation, customs duties, and reciprocal payments which interfere with cooperation between Russian and Byelarusian enterprises. They are counting on taking part (within the limits of their competence) in state regulation of product and commodity deliveries based on an intergovernmental agreement.

The sides also agreed to coordinate their actions in implementing the state conversion policy. It is planned to set up

an interrepublic conversion fund which accumulates finances, scientific resources, results from the exchange of scientific and technical information, and patents. Steps will be taken on a reciprocal basis to develop export production and increase consumer goods output.

In order to coordinate efficient interaction, it is planned to have special conciliation working meetings between the managers of partner enterprises in the most important sectors. Sectors such as ferrous and nonferrous metallurgy, machine building and metal working, power engineering, and the petroleum, chemical, and petrochemical industry.

The agreement was signed by M. Lavrinovich on the Byelarussian side and A. Volskiy on the Russian side.

### **Suspended Cotton Shipments Idle Mills**

924A1100A Moscow TRUD in Russian 6 May 92 pp 1-2

[Interview with Ye.A. Osminin, chairman of the board of the Ivanovo textile concern "Ivteks," by TRUD special correspondents V. Knyazev and N. Nadezhkina: "Good-bye, Printed Cotton!.."]

[Text] There are no people this morning at the entrances, which are always bustling. The lights have been turned out in the shops. The noise from the looms has stopped. Only a spring breeze pushes the remnants of cotton linters across the floor. Production has stopped. Temporarily for the present. But what will happen later on? Uncertainty about tomorrow has taken the smiles from the women's sweet faces. What is wrong? We discuss this with Ye.A. Osminin, chairman of the board of the "Ivteks" Concern.

[Osminin] There is no cotton. Frankly, this sounds tragic to me, too. As long as I can remember, they gave us a state order and the cotton to fill it. They purchased and procured it centrally. The mills had one task—to operate. We counted the seconds and increased the service areas. Faster, faster! "A little more printed cotton for my Komsomol girls"—remember? We were justified in complaining when everything was scheduled and enterprises had no independence in determining what to produce, who would receive it, or whom it would be sold to—not a step ahead or backward, as in a formation.

Now we are sort of independent. But is this what we have been dreaming about? The cotton is not grown here, but in Central Asia and the Caucasus, in a nearby foreign country, as they say now. But what kind of independence do we have without raw material? And this year we received an order to provide 72 percent of our output for state needs and planned figures—the "limit" on cotton to be obtained from the Commonwealth countries. But what do we do with this "limit?" You cannot wind it on a bobbin. As always, we went through the fairs—selling textiles in Moscow and cotton in Tashkent. Only we did not conclude any agreements, but "statements of intent." The prices for cotton and the dyes are not known, so you cannot count on textiles yet. Only these "intentions" were not realized.

Turkmenistan has refused to deliver cotton altogether. Now, though, it has offered an exchange with Russia on a

clearing basis, and this means 200,000 rubles [R] for a metric ton of cotton. How much will our "inexpensive" cotton print cost then? No less than R100. In a word, at the start of the season we could count on receiving 50 percent of the raw material. But this did not happen. Uzbekistan delivered at first, but later turned us down. It sold a large shipment of cotton abroad at low prices—it needs to purchase grain. And it is hard to submit claims, because Russia has not fulfilled its commitments to Uzbekistan, either—it did not deliver metal, lumber, or grain. Now they are ready to sell us the cotton that remains, but they require advance payment. But we have no money.

[Knyazev, Nadezhkina] So a financial crisis has been imposed on the raw material crisis?

[Osminin] Exactly. Prices have risen, but enterprises have the same working capital as before. I understand the government: both the price liberalization and financial stability are essential. But enterprises cannot be placed in a position where they simply put their survival at risk. We have a mill in Nerli where 800 people are turning out gauze. But the pharmaceutical industry is not buying it—it has no money either, because neither the pharmacies nor the hospitals are purchasing bandages from them. What are we to do? Shut down production? But where are the employees to go—on the street? They say there aren't enough people in the rural areas. Well no, we have asked, and they say we have enough of our own milkmaids. And we cannot do without gauze, you know. What are the surgeons supposed to do—not operate, not put dressings on their patients? There is an impasse for you.

Here is another one. We produce the cloth for coveralls and military uniforms, and the sewing mills either do not take it at all or they take it but do not pay for it. Our partners now owe R20 million to Ivanovo textile workers. But we have not paid R10 million to our suppliers, either. This is paralysis. The oblast's textile workers turn out a product valued at R630 million per day. Of our sales, 28 percent goes to the budget and the value added tax. Out of the 32-percent profit, we have taxes, once again to the local and Russian budget. We will stop. The store shelves are empty and the budget will be missing a sizable amount.

[Knyazev, Nadezhkina] But after all, can't you obtain credit and manage somehow?

[Osminin] It is also hard to get credit. In order to obtain R1.2 billion at 53 percent, we would have to get a decision from Khasbulatov personally. And just what does 53 percent mean? That cotton will cost us 1.5 times as much. Figure it out: enterprises in the oblast consume 15 railcars of cotton per day, a car holds 52 metric tons, and a metric ton costs R100,000. So we need R78 million every day to pay for it. And half of this sum for the credit. How can we manage here?

But this is not the point, that credit is given with the highest authorization. We should not be pleading at the bank. We have to work with it, as with a partner. Money was paid today so that it would be in Tashkent tomorrow. But now a month passes while some kind of accounting centers verify the payments. I don't know what they are

doing with those papers or how they carry them—across the North Pole, or by a team of reindeer... And they send us telegrams from Central Asia. We are sorry, there are no transfers, and we cannot start shipping. How should we be working with the bank? Agreement was reached on the interest and our solvency was confirmed, so here is the credit. It does not come. Here is our "Tekstil" commercial bank—I am chairman of the council there—which should obtain money from the oblast bank, and that bank should obtain it from the Central Bank, and it is still not known whether they will release it or not. This lack of banking control is hitting the industry hard, too.

[Knyazev, Nadezhkina] They have told us at the mills that the gauze and other cloth which was intended to meet state needs is being sold to artels and cooperatives, and that this would be good if only they paid.

[Osminin] But what do you want us to do? The state order provides for the raw material and payment for what is produced. But if this does not exist, we are free as well. The raw material imbalance has put our economic ties completely out of balance as well. We have already made arrangements firsthand with Uzbekistan: cloth in exchange for cotton. They are giving us 30,000 metric tons. We can turn out 250 million meters of thread with this. We will give back 60 percent for the cotton, and 40 percent will be left for us. We will sell it to anyone that wants it. But we will not fill the state order.

Barter has also flourished under these conditions. Granulated sugar and furniture, meat and women's boots, eggs and fur hats—textile workers are receiving all kinds of things for their product. How? Very simply. I see that we sold Kremenchug inexpensive cloth. It is clear that sugar is included in the payment here. It is simply ruble for ruble. A vehicle with sugar arrived and it was loaded with cloth. They bring us everything they can for the cloth: pipe, and metal, and cereals. But the hospitals will have no bandages and the servicemen will have no uniforms. Is this really what the state is doing?

In addition, barter corrupts. One director is openhanded and the collective has everything. Another one is a little more frugal, and the textile workers are dissatisfied—look at how our neighbors are living. Each person received dozens of kilograms of sugar at different textile mills last year, but pensioners had no sugar for their tea. This is how social tension increases. And barter paves the way to misuse. A director may leave 10 percent for himself to use at his discretion. They speculate in the market and the prices rise there. And law enforcement organs become dependent on enterprises sometimes—everyone has a wife, and they all need boots, preferably at a little lower price.

[Knyazev, Nadezhkina] But after all, not much of your cloth is being purchased now. You say that enterprises are refusing because they have no money. And customers cannot afford it. We went to the "Krasnaya Talka" firm store, and the manager was almost in tears when he said you are the first ones today, and we were not even customers. And it is true—who will buy cotton print for R54 per meter? And at the "Ivanovskiye Sittsy," one-third

as much cloth was sold in the first three months of this year, compared with last year. And you cannot say that you will not take your eyes off the cloth now. The usual dull colors. And at what price?

[Osminin] Everything is not unequivocal here. I admit that "Krasnaya Talka," well, perhaps someone, raised the prices without justification. No matter where you go, you encounter the lack of demand. But for most people this is impossible. What is the price based on? The production cost of materials, plus the processing, plus the value added tax. We set the profitability at 20 to 25 percent. It cannot be done without profit, either, and credits must be taken into consideration. And children's institutions have to be maintained, and housing must be built. Wages make up only 8 to 10 percent of the cost price. They are not what raises the price, but the cost of raw material—but this is out of our hands...

The psychology of industrial workers has not changed much, either, of course. Once the cloth is turned in, that is all they think about. But they could transport it themselves to the regions where it is hard to obtain cotton print. They could also sell it themselves, without a commercial markup and cheaper, and it would sell out quickly. We will be studying this, too. And attention must be given to the quality and assortment. But we are not at that point now, I will say frankly. We are thinking about one thing. Obtaining the cotton, turning out a meter, and moving it out. There is no demand, you say. But soon there will be nothing to demand, either. Production has already been cut back by 25 percent, and we have been idle for weeks.

[Knyazev, Nadezhkina] Production is being cut back, with idle time. So the people are out of work?

[Osminin] Our main concern is retaining the labor collectives. And we are speaking about this in the concern's board of directors and the trade union's oblast committee. It does not take long to gather speed. But after all, these people have devoted their whole life to production. Ivanovo Textile's reputation comes from their diligence and their skilled hands. We simply cannot leave them to the mercy of fate, and we do not have the right to do so. And this situation will not last forever. The sector will come out of the crisis. If we lose our specialists, who will be working in our mills?

In order to keep the people and shift to private employment, we are changing the work schedules. Before they worked four days and rested for two days, let us say, but now they work three days and have three days off. Earnings will be less, but what can you do? The looms are stopped for a week somewhere, and they are paying two-thirds of the rate—not much at all. Somewhere else they are sending the people on unpaid leave. The textile industry has come to a standstill in the first 10 days of May. Until recently it was considered essential to have a three-month stock of cotton, but now everything is coming off the rails. At one time we struggled to increase the zones of service and honored those who took responsibility for more looms, but now we say that one zone is enough, that others have to work as well.

We are setting up shops for sewing and knitted goods at enterprises. This makes it possible for people to work and it is profitable for the mills. If there is not enough cotton for an extra meter of cloth, we can make a bedsheet out of what is available. It is all profit. Although it is not simple here, either: the textiles remain in Ivbanovo, and this has an effect on the sewing industry in other oblasts.

And this concerns us as well: our textile workers have grown quiet. Before you could not get to a meeting without questions and there was no end to the claims. Now they are silent. They are afraid of unemployment and dismissals. In many families, both the husband and wife work at the same mill, and they can be left without any earnings at all. I am not saying that they did not like their shop before, but they did not hold on to their job as they do now. It used to be almost like this: go ahead and fire me, I'll find work! Now they do not make such statements. The mill is really the breadwinner. The fact that they have become disciplined is good, of course. But it is hard when there is no certainty about tomorrow. And because they realize this, the administration and the trade union are trying to do everything possible to keep the people

[Knyazev, Nadezhdina] But what about your equipment? If there is no money, you cannot bring your machinery up to date. How do you manage without this? Sheer fabrics are in demand in the world—won't you be producing them on obsolete looms?

[Osminin] Quite recently, our enterprises were spending a larger percentage of savings on reequipment. A year ago it was two to three percent, but we cannot find even find one percent now. We have refused all orders for new looms. And we are leaving ourselves without a future. And putting the machine builders in a difficult position.

The raw material and financial crisis can ruin the sector. A budget without a deficit is good, of course. And free prices and financial stabilization, too. But we have to retain our industrial potential. Because if we lose our jobs, there will simply be no one to pay the taxes, and the best possible budget with the lowest possible deficit will collapse. We will cut back production and decrease the deductions. Hence the opportunity for social payments and financing of budgeted sectors. The people's buying power will decline even further. We will not be able to sell our goods, and we will again be forced to cut back the production of cloth. Everything is interrelated here, and this should be clearly understood. We cannot get out of the vicious circle if we do not devote our attention to production. And in order to maintain the textile industry, we have to think about the raw material for it.

[Knyazev, Nadezhdina] Cotton is not grown in Russia. It would seem reasonable to say: make your cloth competitive, earn the foreign exchange, and purchase it

[Osminin] Yes, many of our fabrics are competitive now. We have not been mastering new equipment and developing new structures and designs for no purpose. And even if we are not selling the very best cotton print, it is inexpensive. There will be no need to deliver textiles for the state's needs, and we can sell them. But if the meters of cloth only go to other countries, what will we wear ourselves? We are not a small country. Where is the money to buy everything needed for 300 million residents? And the coveralls? The army? And medicine? Industry cannot survive without textiles, either—we need conveyor belts, gaskets, and filters. No, serious people do not act this way—this is not the state approach.

The country needs textiles. And only the centralized supply of raw material can save the sector. Interstate contracts with the cotton-growing countries. Let the state purchase the raw material. And we will buy it from the state. Cotton and normal relationships with the bank. That is what we need. We will take care of everything else

#### **Power Industry's Critical Situation Viewed**

9241102A Moscow TRUD in Russian 7 May 92 p 2

[Unattributed report: "'Elektroprofsoyuz' Sounds the Alarm"]

[Text] On behalf of labor collectives, the interstate association "Elektroprofsoyuz" [trade union organization for power industry workers] has appealed to the heads of the independent states in the CIS in connection with the critical situation which has taken shape in this very important sector of the national economy

The appeal stressed that a CIS Electric Power Engineering Council had been established because of the special role of electric power engineering in the states' economy and social development. However, experience shows that this step proved to be insufficient. The lack of an organized mechanism for interstate economic relations is leading to a decline in production. The paralysis of financial accounts among associated enterprises has intensified this. Unless urgent steps are taken, plants in the electrical engineering industry will begin shutting down in the near future. This in turn will intensify the crisis in electric power generation. The entire power engineering system of the former USSR is threatened because of this.

The interstate association "Elektroprofsoyuz" has suggested specific steps to stabilize and further develop the power engineering, electrical engineering, and peat sectors of industry for consideration by the governments of CIS countries.



## POLITICAL AFFAIRS

### Addition To Resolution on Constitutional Amendments

924C1334A Moscow ROSSIYSKAYA GAZETA  
in Russian 28 Apr 92 p 2

[Resolution of the Russian Federation Congress of People's Deputies: On Amending the Resolution of the Congress of RSFSR People's Deputies 'On the Procedure for Putting Into Effect the RSFSR Law On Changes in and Amendments to the RSFSR Constitution (Basic Law)' of November 1, 1991, issued April 21, 1992"]

[Text] The Congress of Russian Federation People's Deputies resolves:

to add to the Resolution of the Congress of RSFSR People's Deputies: "On Putting Into Effect the RSFSR Law on Changes in and Amendments to the RSFSR Constitution (Basic Law)" of November 1, 1991, (VEDOMOSTI SYEZDA NARODNYKH DEPUTATOV RSFSR I VERKHOVNOGO SOVETA RSFSR, 1991, No. 45, Article 1498), after the words "April 2, 1992," the words "with respect to Russian Federation People's Deputies elected to the Russian Federation Supreme Soviet after the aforementioned date."

[Signed] R.I. Khasbulatov, chairman of the Russian Federation Supreme Soviet  
Moscow, the Kremlin  
21 April 1992  
No. 2709-1

### Constitutional Court Declares Khasbulatov Declaration on 'Author's Rights' Unconstitutional

924C1354B Moscow NEZAVISIMAYA GAZETA  
in Russian 29 Apr 92 p 2

[Article by M. Karpov: "VS [Supreme Soviet] Presidium Decree Unconstitutional: Attempt To Lobby for VAAP [All-Russian Agency for Authors' Rights] Halted by Constitutional Court"]

[Text] The Russian KS [Constitutional Court] was supposed to examine the petition of a group of RF [Russian Federation] people's deputies back on April 21st. It concerned the recognition of a decree issued by the Russian VS presidium: "On The All-Russian Agency for Authors' Rights [Copyrights]" as unconstitutional. This was prevented, however, by a speech given by Yeltsin on the same day at the Congress of People's Deputies. "NG [NEZAVISIMAYA GAZETA]" already reported on the essence of this matter in its 15/04/92 edition. In brief, it was as follows: The people's deputies thought the decree signed by Russian Khasbulatov did not comply with the separation of executive and legislative power as established in the RF. In other words, Khasbulatov had blatantly overstepped his powers.

At the KS meeting on Tuesday there was no VS presidium representative in attendance, although Khasbulatov, who is now in Germany, was informed in due time of the date of the meeting. At the staff office of his deputy, Sergey

Filatov, a KS representative was informed that the decree which had caused the deputies' protest had allegedly been rescinded the Thursday before; an action, which, in the opinion of the staff personnel, was sufficient grounds for cancelling the case hearing.

The KS, however, had decided otherwise. As was noted by the KS chairman, Valentin Zorkin, according to law, the revocation of an act does not automatically imply that an examination of its constitutionality has been discontinued. Besides that, the KS had not received any official documents from the VS presidium.

In addition to clearly substantiating that a violation of specific legislative norms had been made, a representative of the group of deputies, professor Yevgeniy Sukhanov, emphasized in his speech that "With their decree, the VS presidium approved the creation of a monster from totalitarian times."

All three of the experts brought in to review the case agreed with the conclusions drawn by Sukhanov. Each of them approached the evaluation of the decree from their own position. However, aside from the violation committed by the VS presidium in regard to the principle of separation of powers and the fact that it had overstepped its jurisdiction, the experts emphasized the quite serious human rights violations implied by the decree. VAAP assumed the right to "act in the defense of authors' rights," even without the consent of the individuals having claim to those rights. According to a statement made by Professor Viktor Dozorov, the organization the VS presidium was trying to create would have wanted to place an author "in the position of someone who is legally incompetent as a result of mental illness or feeble-mindedness." At the same time he emphasized that "work done by the VS legal department is generally disgraceful," a statement which compelled the KS chairman to call upon him to focus on the specific case, while refraining from generalizations.

Particularly intriguing circumstances in the case were disclosed during a speech made by the RF Minister of Justice, Nikolay Fedorov. As it turns out, at the same time Khasbulatov signed the VS presidium decree, he also signed a regulation issued by the VS chairman, in which it said that before the corresponding legislation had been passed, the RF Ministry of Justice would have to officially register VAAP's by-laws.

The Ministry of Justice sent a letter to the Russian government, explaining the reasons forcing it to decline to register VAAP's by-laws. Afterward, one of the organization's leaders, N. Chetverikov, having perceived these actions as purely a result of the red tape within the Ministry of Justice, very simply sent his own denunciation against the recalcitrant Ministry of Justice to Khasbulatov.

On the same document there appeared more than just a noteworthy resolution issued by the speaker of parliament: "To Minister of Justice Fedorov, N. V., Nikolay Vasilyevich, I would like you to explain to your coworkers in the Ministry of Justice, the meaning of the (lawful) request made by the head of parliament: the request that became subject to their neglect..."

To the merit of the Ministry of Justice, it showed steadfastness and ensured the laws were clearly being observed while not rushing to respond to the first call of the VS chairman's "request." Moreover, the Minister of Justice had already given an impartial account of the VS chairman's actions at the KS meeting. During a talk with an "NG" reviewer, Nikolay Fedorov stated: "In the given case we are dealing with an overt lobbyism." Although he also noted that he did not know how Chetverikov and company had evoked such pleasant behavior on the part of Khasbulatov. The Minister of Justice emphasized that in his opinion, generally "neither the presidium, the VS chairman, nor any of its leaders has any right to partake in legislative activities, and it is good that there is an organization capable of putting all these officials and government organizations in their places."

Just as "NG" had predicted, the Russian KS recognized the decree issued by the VS presidium as unconstitutional. It is only a pity that at the KS meeting there were no representatives from the Russian Agency for Intellectual Property, which was created, as is known, upon Yeltsin's order. Nikolay Fedorov expressed the opinion that this was due to the fact that "people are full of fear, or to be exact, an unwillingness to become involved in a conflict with the VS chairman and spoil relations with the very person that they will at some time have to go to."

#### Opposition Role at Congress Viewed

924C1329A Moscow ROSSIYSKAYA GAZETA  
in Russian 28 Apr 92 p 1

[Article by Inna Muravyeva, ROSSIYSKAYA GAZETA parliamentary observer: "Opposition. That It Exists Is Normal. It Is a Matter of Constructiveness"]

[Text] The Sixth Congress of People's Deputies of the Russian Federation is over, and the next round of political battles—not at the microphones of the Grand Kremlin Palace now but at various news conferences, on the air, and on the pages of the newspapers—has begun.

Albeit with certain reservations, the opposition is, I believe, celebrating victory, but in secret, nonetheless. This was particularly noticeable at a news conference given on 28 April, at which Sergey Baburin, Nikolay Pavlov, and Mikhail Astafyev were appearing as, now, "united in two persons"—as the founders of the parliamentary opposition and as the leaders of public organizations which emerged at the end of last and the start of this year: the Russian National Union (ROS, whose coordinators are Sergey Baburin and Nikolay Pavlov) and the Russian People's Assembly, of which Mikhail Astafyev is cochairman.

It is as a "secret sense of victory" that the statement made by Sergey Baburin may be evaluated: "Organizationally we sustained a defeat insofar as Gaydar's government stood its ground...." But, later: "We agreed to a colossal compromise, not having demanded the president's resignation." Here we have it, the voice of the "victors": they "did not demand," and for this reason... the president has held on to office! Such an exaggeration, to put it mildly, of their forces could be taken seriously only by, perhaps, the "street

politicians," who, incidentally, conscientiously supported their idols each day of the Congress' business—with pickets, old ladies with empty saucepans over their shoulders, middle-aged people carrying red banners, or the young ones who at the time that the forum in the Kremlin was at work were holding their own "Communist Youth League congress."

By them, yes. By people who see reality, hardly.

Evidence? Take if only the amendments, a great multitude of which were made to the Congress' draft resolution "On the Progress of the Economic Reform in the Russian Federation" by representatives of the communists and constitutional democrats, Christian democrats, and ROS-ites united in the opposition.

G. Sayenko called on the government "not to deprive the working people of the constitutional right to labor, recreation, and human conditions of existence" (as if these rights had ever existed in our appalling history with its casualties numbered in millions!). Yu. Slobodkin demanded "indexation prior to 1 June 1993 of the citizens' monetary deposits in an amount of up to 10,000 rubles held in a savings bank as of 1 January 1992—tenfold." D. Stepanov sternly proposed that the word "controlled" necessarily be prefixed to the words "market economy."

I am sure that those offering these amendments knew in advance that they would be turned down because it is, after all, clear that a market cannot be controlled, that a tenfold indexation of depositors' savings would mean the ruination of the already undermined financial system, that reviving the "rights" recorded in Stalin's constitution is nothing more than a myth, and that a "normal existence" cannot be arranged without radical reforms. But, despite everything, the representatives of "Russian Unity" attacked the microphones all these 14 days with astonishing perseverance.

It was difficult at times to rid oneself of the sensation that the opposition had been playing "dressing up in advance"—when each had particular a part.

Slobodkin, Sayenko, Bratishchev, and Stepanov were the orators

Baburin, Astafyev, Aksyuchits, and Isakov, the tribunes. "Playing for small stakes" is ignominious for them, the tribunes. Their stakes are somewhat more serious than a "controlled market." So Sergey Baburin pronounces in various versions his amendments: "an expression of confidence (no confidence) in the government." So Viktor Aksyuchits demands "presentation within five days to the Supreme Soviet for approval the nomination for the office of chairman of the Council of Ministers" in order "that he may be confirmed at the Sixth Congress of People's Deputies of the Russian Federation." And even the subtle and cautious politician Vladimir Isakov suddenly for some reason or other presents on behalf of the Agrarian Union faction "their viewpoint": The buying and selling of land is impermissible....



Until... the "new latifundist barons from the ranks of the Soviet party nomenklatura," as Marina Salye called the chairman's lobby, have grown rich

Yes, the opposition was prepared to block everything! Everything! Paying no heed to realities, giving no thought to what effect their words would have.

The Soviet Union no longer exists? Rubbish! We, the opposition, will, no matter, demand its unity! How, in what way, with what forces other than fratricidal war could the Baltic and Armenia, Moldova and Ukraine be enticed now into the bosom of the "Union indestructible of republics free"? No, this was of no interest to the politicians of the opposition. Mikhail Astafyev shared at the news conference the confidence that they had already "embarked on the formulation of a new Union treaty and had sent out the corresponding proposals to the parliaments" of the former Union republics. No response has been received as yet from anyone, it is true, other than Gagauzia and the Dniester region.

But, nonetheless, the thought flashes by from time to time: How akin are our members of parliament to the dreamer Manilov indolently thinking: "It would be good were an underground passageway all of a sudden to run from the house or a stone bridge to be built over the pond...." But Manilov was not a politician. And his dreaming in the quiet of a replete life were, generally, not so dreadful. But the premises of our opposition, which they know to be inappropriate to life's realities and which, I am sure, they also perceive as unattainable, but they so much want to be fighters for the people's cause!—oh, how dangerous these are!

We are truly living in difficult times. In the first quarter of this year national income declined 14 percent compared with the first quarter of 1991. Industrial production declined 13 percent. The manufacture of output declined in all sectors. Not idle dreams but real action—this is what is required of politicians now. On the eve of the Congress, incidentally, the Russia, Communists of Russia, and Agrarian Union factions protested in the newspaper SOVETSKAYA ROSSIYA with a document entitled "Common Position of the United Bloc of Forces of the Left." What did the representatives of the opposition propose for the country's crisis-ridden economy?

The economic part of their "position" is called "To the Market, But By a Different Route." A tribute to the times (after all, it is only recently that the communists have begun to talk about the market without shuddering... but what, for that matter, do they have to shudder at when they have been the first to occupy the leading positions in these market structures themselves?) or a tribute to the memory of the young Volodya Ulyanov, who uttered at the time of enormous tragedy for their family: "We will go by a different route?"

So what kind of different route to the market is this? This is it: "To undertake monetary reform, freeze prices, and increase wages in budget-financed organizations to the subsistence minimum with regard for the actual possibilities of the economy." So what is new about this? An

expansion of production. All very well. This is understandable. Only what is not understandable is how to commence work by "increasing." No prescriptions are given. Unless the following is considered a prescription: "the sole possible solution under these conditions is the creation of a collective leader, a highly professional and competent government of national trust." Now we understand. Only we have already had this. Everything was with us collective—"the mind, honor, and conscience of our era," which was "millions of shoulders, pressed tightly together." There were collective members of the Politburo and anonymous creators of a multitude of "epoch-making" resolutions—from the fight against right and left deviations through an increase in the per capita production of milk and meat in a country in which the toiling individual had been robbed mercilessly, soaked to his skin.

...For the first time in many decades we have a parliamentary opposition. Legally. Without fear. This is an indicator of the recuperation of our society. It is an achievement of our time. But there were others. Here is a quotation from the Small Soviet Encyclopedia of 1938: "...The former opposition forces in the All-Russia Communist Party (Bolsheviks) (and they were already "former" by this time—harrowed, executed, or deported—I.M.)...became an unscrupulous gang of counterrevolutionaries...." God forbid a repetition of these "encyclopedia articles"!

But this is what I thought, closely following the progress of the Congress.... Which great man said that the truth is born of argument? But there are "arguments" which lead to nothing other than a fight. And how I would like to have in the shape of the opposition not a "I reject everything!" typical of youthful maximalism but a civilized **different opinion**—well-conceived, thought through, and substantiated. Without a **different opinion**, without an opposition, there is no civil society. But the people who have assumed the onerous burden of being the opposition in a society which is only just freeing itself from totalitarian like-mindedness should, perhaps, be remembering their purpose more often.

This is why there is a rejection of the exaltation of Mikhail Astafyev, the emotionalism of the speech "on behalf of the people" of Yuriy Slobodkin, the "straightforwardness" of Boris Tarasov, the perpetual "unbendingness" of Sergey Baburin.

It is most likely that their "share" of the fact that the Congress' popularity fell from 28 to 12 percent was particularly great.

#### Diversity in Views of Congress Opposition Noted

924C1337C Moscow ROSSIYSKIYE VESTI in Russian No 6, 30 Apr 92 p 2

[Article by Lyubov Tsukanova: "What Those Who Disagree Agree Upon"]

[Text] Will the opposition fly away after spreading its wings for the first time at the 6th Congress of People's Deputies of Russia?

The word "opposition" is uttered proudly today. A political term from an infinitely alien life, which just a couple of years ago frightened the populace, now has not only entered everyday political discourse, it has also acquired a certain air of nobility. And if one takes into consideration the fact that until now we have hardly ever had an officially organized opposition /what with the eroded meaning of the term in our conditions: opposition to what? To the policy of the state; to the political line, to the leader, to the majority?/, one must admit that the declaration of the creation of the opposition bloc, "Russian Unity," announced at the Congress by the leaders of several deputy factions, is yet another step in the direction of a civilized society.

United in the bloc are the factions "Communists of Russia," "Agrarian Union," "Rossiya," "Fatherland" [Otechizna], and "Russian Union." Our fellow-citizens who more or less keep up with the representative authorities noticed right away that those who have joined together were previously thought to be irreconcilable—the left and right opposition. Those who until now have been defending "fundamental socialist values" /Bratishhev, Slobodkin, Rybkin/, those who had waged a fierce battle against the right to full-fledged land ownership /Lapshin/—on the one hand, and those who expressed the idea of a "White Russia," constitutional and Christian democrats /Astafiev, Aksyuchits, Konstantinov/—on the other. There was a certain buffer between them—soldier-deputies and statesmen-patriots whose political orientation was until now considered pro-communist, although not so markedly as at the first congresses.

The strangeness of the alliance is admitted by the parties in the bloc as well, which by the way does not in the least detract from their sincerity in the fact that, when the country is on the verge of catastrophe, "the task is to save it, and leave the disagreements for later" /M. Astafiev/.

What path to salvation does the "Russian Unity" bloc propose?

The first and foremost is—rejection of "senseless" reforms. There are, in principle, differences in the faction's strategy on this question. While some speak about the inevitable necessity for change and swear to the correctness of the market economy, others assert that the path to the market is the path to capitalism, and that "The people have already seen through that" /Yu. Slobodkin/. The tactic at the Congress was a common one. Both the one and the other spoke out for the resignation of the Government, against the President's combined authority as both head of state and head of the cabinet, for removing his additional powers given him at the 5th Congress. While they lacked a unified economic strategy, they proposed the following common tactical steps: restoration of price controls, increasing fixed social payments, wage payments from the "budget," state regulation of the economy, and monetary reform as the condition of privatization and restructuring of industry. "In order to progress, it is perhaps necessary to take a step backward" /I. Konstantinov/.

The second item in which "Russian Unity" is united is the assertion of the illegitimacy of the breakup of the Soviet Union and the formation of the CIS. The bloc presented to the Congress a draft resolution, "On the Restoration of a Union Federation," where along with strong statements against ambitious politicians, they propose the re-creation of the USSR as a result of "a free popular election," in favor of a unified federal state. In Russia, the statist has always won. This line is not mandatory for these people, but the line is mandatory /and this time it will win /N. Pavlov/.

In our situation, in which parliamentary factions do not represent parties with ready-made programs, but social, professional, territorial and other groups with their own group interests /which to a large extent determines the apportionment of votes/, the question of the whom the opposition represents and the extent to which it expresses the interests of social strata and movements is quite important. The "Russian Unity" deputy bloc has a high opinion of itself. "Communists of Russia," for example, believe that they reflect the interests of more than 90 percent of the populace, while admitting, it is true, that "many people still have to be convinced" /I. Bratishchev/. "Rossiya" and "Russian Union" have the newly-organized Russian National Assembly behind them, a mass /the founders assert/ civil-patriotic movement, which claims the role of organized opposition to the present course of the state. "Agrarian Union" is backed by the many million-strong "kolkhoz and sovkhoz" farmers, while "Otechizna" has the backing of over 2 million military servicemen. The social base is huge, but the political base is not in evidence. From all accounts it is of considerable size, although the founders of the bloc clearly exaggerate it. In spite of all this, in the absence of mechanisms for skilled analysis of public opinion, one can assert with a greater or lesser degree of confidence, that the "Russian Unity" bloc reflects both widespread and genuine pain and alarm in society, and political myths and biases.

It is interesting to observe what the opposition achieved at the Congress and what it did not achieve. It was unable to bring about the resignation of the Government, but on the other hand, the attempts to amend the present Constitution to permit the purchase and sale of land were blocked. It was unable to pose the question of impeachment of the President /the maximum program of Baburin and Astafiev/, but the Crimean question was placed on the agenda. Thus far it has been unable to deprive the President of additional powers, but amendments to the Constitution strengthening the position and prerogatives of the legislative powers were passed. And the most paradoxical and unanticipated event—the 831 votes in favor of naming our state "Russia"—was passed after an emotional appeal by Nikolay Pavlov just before the voting. Thus the bloc proved its ability to wage an active campaign and to influence the deputies' frame of mind. The factions which comprise "Russian Unity" hold various views on its future. "Communists of Russia" openly acknowledge that the alliance is a temporary one. The Agrarians consider the "round-up" of the farmers in opposition itself to be unnatural, and thus are uncomfortable with the situation.

they are in. Political struggle is not in their nature and one must assume that they would willingly leave it at the first signs of stabilization in the agrarian sector. The same thing will most likely happen with the military servicemen, if the President and the Government can find the least painful method of uniting the army and military reform. Since questions of the structure of the state are the longest-term and hardest to resolve, most likely the veteran political warriors from "Rossiya" and "Russian Union" will remain in the opposition and in alliance with one another the longest. For them, the bloc is a means of strengthening their own political positions. Vladimir Isakon estimates the chances of union in the most romantic manner: while acknowledging the rather temporary nature of the alliance, he believes that the quest for unity is, in principle, promising, and may be successful: "We look to the future with optimism."

### Baburin Assesses Russian Congress

92AC12384 Moscow SOVETSKAYA ROSSIYA  
in Russian 25 Apr 92 p 1

[Article by S. Baburin, people's deputy of the Russian Federation: "Formally and Essentially"]

[Text] When, on the last day, the sixth microphone emitted the question of the specific reason why our Congress had convened and what to tell our constituents, absolutely no one dared to answer it, including the chair. It is also difficult to answer that question now.

Without a doubt, with the organizational victory of the progovernmental majority at the Congress and in the Supreme Council the sixth Congress became a political and moral victory for the opposition. Political because it did not confirm the annihilation of the union state. The voting on amendments to the existing Constitution that eradicate from the Basic Law every mention of the USSR was carried out several times, to the accompaniment of fierce pressure and the incantations from the chair, but nevertheless in defiance of everything in their basic, fundamental principles those amendments were not adopted!

At that moment the Congress seemed to me to be like a person drawn on a rack, by the use of force, cunning, and any other conceivable or inconceivable means, the attempt was being made to extract from it the recognition of what had been done. But despite the most cruel torture there proved to be people who did not fear the labels, the accusations of being unrealistic or conservative, or of being God knows what else. They openly asserted that they did not want to be participants in, or to assume the historic responsibility of, destroying our unity. They did not want to sanction the crime that had been committed in December 1991.

The law demanded impeachment if one recalls the President's actions not only deep inside the White House, but also by his frequent violations of the existing Constitution over a period of many months, starting in August, and then until August 1991. The opposition, however, did not raise that question, but undertook perhaps its last attempt to prevent the buildup of the chaos and the possibility of civil

war. And so I would emphasize here the limitless attempt by the opposition to preserve the maximally constitutional, maximally parliamentary path in the development of our state.

The opposition advanced only the demand for the resignation of the government, the replacement of the political and economic course, and suffered a defeat: the government was preserved. Moreover, the Congress proved to be incapable of setting up any serious obstacles on the path of the continuation of that adventurist course that has already brought to the brink of poverty the bulk of our country's population. That course has been called out by Professor Veniamin Sergeyevich Sokolov, a representative of the Rossiya [Russia] faction, antipopulist, antiscientific, and antimarket. He directed attention to the brazen falsification of the budget by the government. True, there were a couple of "outcries" by Gaydar, who attempted to refute the figures and arguments given by his opponents in the opposition. The deputies also received an official statement from the Commission on the Budget, the Plan, Taxes, and Prices. And so we saw immediately that the government was lying!

Nevertheless, the government remained intact. That forces one to fear that not only the executive course will also remain intact, but also the foreign policy that is being carried out today, a policy that is far from the interests of the nation of Russia, with its many nationalities.

The lack of a foreign-economic concept or a discernible doctrine has confronted us directly with the fact not simply of Russia's withdrawal from the group of great powers, and not simply the reality of the fact that no one takes Russia into consideration any more, and, with the disappearance of nuclear weapons, it is becoming a third-class colony and raw-materials appendage of the leading industrial states. Saddest of all is the fact that we have proven to be among the elementary perjurers and dishonest states. We have renounced all our allies not only in the Warsaw Pact, but also those third-world countries with which we have had relations for many years.

Unfortunately, the Congress proved to be incapable of posing the question of defending the interests of Russia on the Black Sea and in the Far East. It has ignored the crisis in the relations among the republics with regard to problems of the Black Sea Fleet.

As for the Crimea and the transferring of it in 1954 from one republic to another, I personally am convinced that for a legal and political evaluation there are many more justifications here than for considering copies of secret 1939 protocols. There exist decisions of the Supreme Councils and their Presidiums, so let's see the extent to which they correspond to the Constitution. We shall be convinced immediately that crudely violate the articles in the USSR and RSFSR Constitutions that were in effect in 1954, and therefore, without any vacillations, they should be recognized as being unconstitutional and invalid.

Apart from the evaluation of the decisions made by the highest agencies of authority of the USSR and the RSFSR in 1954—and we have recommended that a firm statement



be made concerning their unconstitutionality—in Articles 1 and 2 the proposal was made to ban the principle that the territorial changes in the existing border of the Russian Federation that lead to a decrease in the territory of the RF [Russian Federation] can be carried out only after referendums in the appropriate republics, krais, and oblasts and a subsequent referendum in the entire Russian Federation. And it is only after two referendums have confirmed that border change that that change can be practically implemented.

This approach conforms to the Declaration of the State Sovereignty of the RSFSR, and textually these two articles were taken from the draft of the Constitution of the Russian Federation that was approved by the Constitutional Commission, the Supreme Council, and, in their basic principles, by the Congress. But isn't it strange that it is precisely those two articles that were not the only, but the chief reason for nonconsideration of the question by the Congress?

The crux of the matter is that the ruling circles immediately saw in them an obstacle for territorial repartition, for example, for transferring the Kurile Islands to Japan. Just think: certain of my colleagues told me frankly that these articles are from completely different spheres and have nothing to do with the Crimea, but, by adopting them, we would put our government in a difficult position in its negotiations with Japan, since the government would not be able to give back the Kurile Islands! And yet that was the specific reason why we were presenting the draft to the Congress!

In the last days of the work by the Congress, the mass media began once again to inflate the topic of the necessity of giving back the Kurile Islands to Japan. Mention was made of the statement by the Japanese minister of foreign affairs and of the justifications on the part of the Russian MID [Ministry of Foreign Affairs].

The Congress also ignored that topic. Moreover, with regard to the question of the CIS, a report was given not by the President, but only by the minister of foreign affairs. But it was not the minister who signed the agreements pertaining to the CIS! But Kozyrev's statement concerning the Crimea was very telling. In replying to one of the questions, he said, "Will it be easier for you if I say that the President and I betrayed the Crimea? Yes, we betrayed it!" That was monstrous!

With regard to the Dniestr region also we adopted extremely halfway decisions, and Minister of Foreign Affairs Kozyrev signed in Dubossary a declaration, jointly with the Romanian, Moldavian, and Ukrainian ministers of foreign affairs, in which there is not even a hint of defending the state interests of Russia or the region's civilian population.

Speaking at the Congress, I proposed restoring the link between the times, by taking advantage of the legal and political situations that are changing so seriously, and proposed having the parliaments and presidents of all the republic consider the question of convoking a Constituent Conference on the scope of the entire former Soviet

Union, in order to restore the union-wide state system. Possibly it is necessary to discuss a unifying congress of nations or other forms of unification. I am convinced that this process is inevitable.

### Democratic Movement in Wake of Congress Viewed

924C1324A Moscow ROSSIYSKIYE VESTI in Russian  
28 Apr 92 p 1

[Interview with interview with Yu. Burtin, by Andrey Kolesnikov, under rubric: "Alternative": "'The Democratic Movement Must Not Turn Into a Support Party': That Is the Opinion of Yuriy Burtin, Current-Affairs Commentator, Critic, and Political Figure"]

[Text] [A. Kolesnikov] Yuriy Grigoryevich, did the 6th Congress of People's Deputies justify your expectations?

[Yu. Burtin] I would not say that I expected anything special from the Congress. It did not make any discoveries. Rather, it added certain details to the appearance of certain political figures, for example, Khasbulatov. But even that impression is not the strongest or most fundamental.

This is what interested me most of all: we proved to be in a situation when we were being offered a false alternative: the parliament or the government; a parliamentary republic or a presidential one. I immediately recall in this regard a frame from the movie "Chapayev," which the main hero is asked, "Are you in favor of the Bolsheviks or the Communists?" So today also we have been presented with a similar choice: "Are you in favor of the government or in favor of the parliament?" Many people accept that posing of the question, and the struggle at the Congress fitted within that framework, thus attesting to the confusion in people's awareness.

[A. Kolesnikov] What, then, is a real alternative?

[Yu. Burtin] The real alternative coincides only partially with the false one. The fact of the matter is that, in our political and social life, there has developed an unnatural situation when there exist rightists, that is, something in the nature of a center, but there do not exist any leftists, there does not exist any democratic opposition as something having weight or importance.

With the bloc of Communists and "patriots" everything is more or less clear, although fate has given them the position of defenders of a ruined population. But one can discern very well on them the seal of social gain with the lack of any program at all.

There exists the center—Yeltsin, the Government, and those who support it, including those in parliament. Inasmuch as there is no real opposition on the left, the impression is created that this center is a leftist force that embodies democracy within itself. But actually that center, like the old Gorbachev center, has a catastrophic lack of democratic spirit. It is undemocratic both with regard to its mentality, and with regard to the style of its political behavior.

[A. Kolesnikov] Could you give examples of that behavior?

[Yu. Burtin] I can give as many examples as you like. They include the imposition of a state of emergency in Chechnya within a few months after a similar order issued by the GKChP [State Committee for the State of Emergency], and the banning of Communist demonstrations (with the simultaneous tolerance toward the appeals for violence that are issued there). But the crux of the matter lies somewhere else: the authority plays its role completely in the old way: the authority rules, the nation executes. It has not even entered the mind of anyone in the leadership that it would be a good idea, when resolving at least the most substantial questions determining the fate of millions of people, to ask those very people for their advice and to bring up those questions for universal discussion. Take, for example, privatization or the agrarian reform. With the complexity of the tasks that are currently facing us, a narrow group of people assume that, after meeting together in the cabinet, they can find the only true resolution of convert it into a law governing the life of society as a whole. And in this instance what occurs is only a chain of errors, and only imaginary administration.

At the present time much is being said about the mass media, about television. I am surprised that the state television system is absolutely unconcerned about the fact that, by using its colossal capabilities, it can mobilize the intellectual energy of society and channel it into a careful public discussion of the vitally important questions in our life.

The leadership considers that the acme of democratic spirit is the fact that they have begun to speak to the nation, and to explain their position. Thanks a lot! But it is necessary, then, to take the next step and to be concerned about the feedback, to learn how to listen to people. Otherwise, despite all the unprecedented innovation and variety of the situations arising in the country, the decisions that will be made are the generally mandatory, standard ones.

[A. Kolesnikov] Let's return to the disputes at the Congress.

[Yu. Burtin] What lies at their base, in my opinion, is the rivalry between two *nomenklaturas*: the old and the new. In the person of figures of the great-power Communist bloc we have—as is completely obvious—the political representation of the old *nomenklatura*. But not much better than them is the new *nomenklatura*, the formalization of which constitutes, perhaps, the chief result of the post-August development. The interests of these two *nomenklaturas* do not coincide, although their competition does not mean the impossibility of compromises between them. And that was reconfirmed by the results of the Congress.

[A. Kolesnikov] Does that mean, then, that the current center can have no claim to the role of the bulwark of democracy?

[Yu. Burtin] Alas! Also, the lack of a democratic opposition is harmful for the center itself, inasmuch as it pushes it to the right. The center itself must have a self-interest in

serious opposition from the left, but meanwhile it seeks only support—in the form of the DDR [Russian Democratic Movement], "DemRossiya," "the President's party," meetings of the citizens of Russia, the coalition of reforms, etc. It is possible, of course, to convoke as many rallies as you like to support the Government, but that will not make it any stronger.

[A. Kolesnikov] But what can make the Government stronger?

[Yu. Burtin] First, reorientation from the bureaucracy to the nation, to involving the nation in the carrying out of reforms. Administering in the way that our Government is currently administering is possible only under conditions of well-established democracies, with a smoothly operating mechanism for public monitoring of the agencies of authority. We truly need a strong authority, but the entire question is wherein that strength lies.

The strength of the totalitarian authority lies in the consistency of the dictatorship, and the strength of the democratic authority lies in the consistency of carrying out democratic principles. This does not lead to the opposition between the branches of power. One should not think that if power is added to one of them, say, the Government, then there will be a loss in the other, the parliament. Or conversely. There exists a different correlation here.

[A. Kolesnikov] It is for this purpose, properly speaking, that the principle of the division of the powers exists.

[Yu. Burtin] Of course. And every power, in its strictly outlined sphere, must be as strong as possible. The question is not whether our republic will be a parliamentary or presidential one; neither one nor the other, as experience has shown, prevents it from remaining a bureaucratic, *nomenklatura*-type one. The question is how to make it, not in words but in deed, a democratic one. And when "DemRossiya" and DDR speak out in favor of a presidential republic, in the absence of any actually operating institutions of public monitoring, this prospect does not promise us anything good.

[A. Kolesnikov] Incidentally, you were one of those who left the governing agencies of "Democratic Russia." Did the schism occur specifically on these grounds?

[Yu. Burtin] We and the Ponomarevs, Yakunins, and other present-day leaders of "DemRossiya" have different ideas concerning the tasks of the democratic movement. In our view, it must be independent, rather than some row of caryatids supporting even the kindest and most likeable power. The democratic movement must not convert itself into a support party. For that movement this is equivalent to death, and it can bring the authority itself nothing except harm. It would be bad if that authority has to be convinced of this.

#### 'All-Russian Renewal Alliance' Issues Appeal

924C1361A Moscow *TRABOCHAYA TRIBUNA*  
in Russian 30 Apr 92 p 1

[Unattributed Article: "Through Civil Peace - To Renewal"]



[Text] **At a time replete with tension and alarm, yet, also full of faith and hope in the future of our great state, we make our appeal to you, fellow citizens and countrymen.**

We appeal to all those ready to overcome strife together, to make our plants and factories thrive once again, and restore a sense of social stability to families and each person.

Among us, the authors of this appeal, there are people of various professions, nationalities, and different political points of view. We are united by the ideas of rebirth and renewal of our country.

A paradoxical situation has now taken shape: creative opportunities for effecting social transformation open to competent manufacturers and agricultural workers, energetic entrepreneurs, the intelligentsia of science and technological fields, and overall business-minded, sensible people, have practically not been taken advantage of.

Many political movements, created around ideas of destroying the old system, did not succeed in abandoning populist thinking, and in essence are not capable of making the transition to becoming a constructive process. As a result, democratic ideals are being discredited.

The country's survival can only be encouraged by those who rely not on ideological dogma, rote diagrams, or foreign prototypes, but on close analysis of management practices, and on an awareness of our cultural and historical traditions and the experience of the world's civilizations.

We are convinced: the people, having shown courage, perseverance, and wisdom on more than one occasion during times of trial, are in support of decisive, competent action in the name of a renewed, great and prosperous country.

We are speaking out in favor of a strong state, in which the President stands as a guarantee of social stability and law and order, and the parliament, a guarantee of democracy.

We are in favor of pursuing a course of economic renewal, in which market reforms would be aimed at putting an end to impoverishment, on the basis of increased production and the development of free enterprise and social welfare.

We support the effective development of an economy, where privatization leads to a revitalized and flourishing economy, and where ownership is placed in the hands of those who are capable of enriching society and themselves with their labor and talent.

We are for strengthening national self-awareness, and the right of nations to decide their own fates even to the extent of national self-determination. We strongly oppose, however, any form or manifestation of nationalism, territorial claims and the redesignation of borders. We are also against infringing upon the rights and freedoms of citizens whether it be based on national, or any other criterion. We categorically oppose coups of any kind, as the latter will only lead to social upheaval, human victims and bloodshed.

We are against futile opposition to socialism or capitalism, but support movement toward a society, which imbibes the dramatic experience of our fatherland, and the progressive achievements of mankind.

Intense thought and sober analysis led us to the difficult conclusion that it was imperative to unite into an 'All-Russian Renewal Alliance,' a united, disciplined force, capable of making momentous decisions and vigorously acting.

We are calling for all those to unite, who

- understand that radical revolutionary changes in society only lead to less efficiency, than does a path of steady evolution and dynamic reforms;
- agree that the deep and comprehensive reformation of society is impossible without civil reconciliation, and the abandonment of the search for enemies;
- regard authority as a means of effective government
- are concerned about the loss of spirituality and morality, and do not conceive of life without regard for science and culture.

### **Yeltsin Lifts Secrecy Requirements**

924C1354A Moscow *NEZAVISIMAYA GAZETA* in Russian 30 Apr 92 p 1

[Unattributed Article: "Release of Secrets Ordered"]

[Text] Boris Yeltsin informed journalists yesterday that he had signed an order a day or so before regarding the declassification of information on a whole list of more than 30 items. "We did not even give information on infant mortality. We hid everything. Now we are going to release it all, even on economic issues: hard currency matters, the gold reserves... The whole world releases this."

At that time Yeltsin commissioned Commander-in-Chief Shaposhnikov to begin in two to three weeks the massive declassification of past secrets of the former USSR.

### **Stankevich Health 'Undermined' by Recent Exertions**

924C1337A Moscow *KOMMERSANT* in Russian No 17, 20-27 Apr 92 p 20

[Article by Yuliya Pospelova: "Advisor To Increase Birth-rate: Stankevich Has Made Contact With Infants"]

[Text] **On 18 April Boris Yeltsin appointed his advisor on political questions, Sergey Stankevich, state advisor on questions of infancy, after which Stankevich departed for a sanatorium to restore his nerves.**

Specialists connect Stankevich's new appointment with the pathetic situation in Russia, in which infant mortality has risen sharply, while the birthrate has declined catastrophically. According to opinion which has formed in governmental circles, only an advisor who has a solid reputation as a lover of children will be able to correct the situation with the infants. At the same time, Yeltsin has not relieved Stankevich of his previous responsibilities

The President is aware of the event, wherein Stankevich and Rutskey arrived in Crimea and read an appeal in the newspaper for financial aid for a sick little girl. Rutskey began to speak about the Navy right away, but Stankevich brought the child with him to Moscow. The advisor is thought to have a kind heart, and good contacts abroad.

An aide to Stankevich has informed a correspondent of "TVERDYY ZNAK" that the frequent criticism in the press about his many trips abroad and his desire to rename Staraya Ploshchad, Slavyanskaya Ploshchad, and other such unpleasantness have undermined the advisor's health, and that he has shut himself up in a sanatorium. Stankevich has calculated that today an "infant's layette" costs R7,000 on the average. When he has recovered, Stankevich plans to visit maternity homes and shelters.

#### **Russia's Loss of Influence in Caucasus Noted**

924C1337B Moscow ROSSIYSKIYE VESTI in Russian  
No 6, 30 Apr 92 p 1

[Article by Yevginiy Krutikov: "Hot Spots: Russia Is Withdrawing From the Caucasus. For Good?"]

[Text] The last contingent of Internal Troops of the Russian Federation was withdrawn from South Osetia a few days ago, by decision of the Russian Government. The withdrawal of this contingent coincided with the dissolution and transfer from Tskhinval of the only military helicopter regiment of CIS forces in the Transcaucasus. The flight operations area and barracks of this major military formation were to have been transferred to the newly-formed army of the Georgian State Soviet.

Several days before this it became known that, on instructions from Transcaucasus Military District (ZakVO) Deputy Commanding General Supyan Beppasov, T-72 tanks were handed over, which in the words of the General, must be used for the support of the presence of Georgian State Soviet forces in the region of Zugdidi. However, on the night of 19-20 April these tanks, like the BTR-80's previously turned over to Georgia, took part in an unprecedented shelling of the capital of South Osetia—Tskhinval. According to information received by IAS-RV [possibly, ROSSIYSKIYE VESTI News Service] "first hand," three BTR-80's were knocked out by Osetian self-defense detachments (with the aid of tanks), and two of these "tangible proofs" were towed away to the village of Megvrekisi, location of the headquarters of Georgian military formations subordinate to the Georgian State Soviet.

Thus, the decision of the Russian Government has caused further escalation of the armed conflict in South Osetia. Russia is withdrawing from South Osetia, thereby losing prestige throughout the Caucasus; after all, a holy place doesn't stay empty [sic]. And so the Confederation of Mountain Peoples of the Caucasus [KGNK], a session of which had already been held at this time in Tskhinval, has taken an unprecedented decision on the possibility of sending KGNK troops to South Osetia, and to act as mediator in negotiations for regulating the conflict.

But this is only in prospect. And right now the situation is such that any attempt by Russia to transfer to the Georgian side territory and weapons of the former Tskhinval helicopter regiment would lead to an armed clash of the National Guard of South Osetia with the assault units of CIS forces which were rushed into the helicopter regiment barracks.

To sum it all up, Russian policy in the region has once again failed, in comparison with Turkish or Iranian policies. South Osetia, betrayed by its last ally, will be forced to appeal not only to the KGNK, with which it has common Caucasian ties, but also to its more distant neighbors. You will agree that Russia will gain nothing from this.

#### **Noncompliance With Order on Transfer of CPSU Buildings to Courts Viewed**

924C1337D Moscow ROSSIYSKIYE VESTI in Russian  
No 6, 30 Apr 92 p 2

[Article by Dmitriy Davydov: "Instead of the Raykom—a Courthouse"]

[Text] By order of the President of Russia, when resolving questions of making use of CPSU buildings, priority should be given to the courts, lest they be placed in facilities unsuitable for conducting jurisprudence. But how is this decision being carried out?

Six months later: Dzerzhinskiy Rayon Court, Moscow: The staircase in the main entry has been torn down; there is a musty odor on the first floor; the corridors are in semi-darkness, and the light penetrates the dirty windows with difficulty. Several courtrooms have been partitioned off with plywood panels. I can imagine how hard it is to try cases here.

"And so, our situation has not changed," says Irina Vorobyova, deputy chairman of the Dzerzhinskiy Rayon Court. "In my view things have become even more complicated. Because of constant territorial restructuring, Dzerzhinskiy Rayon, after the repartitioning of Moscow, fell under the jurisdiction of three districts [okrug]. Under whose jurisdiction we—the judicial authorities—fall, is not known; none of them will accept us. Meanwhile, the state sanitary inspectorate has examined the prisoner holding area [konvoynaya] and has declared it unsuitable for use. For that matter, that applies to the rest of the building as well. The plaster is flaking off, there is fungus growing on all floors, and there is insufficient space for holding sessions."

[Davydov] But then who is situated in the former CPSU Raykom building?

[Vorobyova] They are having a real war over there. The prefectural council [prefektura] of the Central District [okrug] and the rayon Soviet of People's Deputies have divided the building between themselves. Each has set up its own security guard, and they will not allow one another to pass. There is not even any question of us; after all, do they really need a prestigious, independent court?

In the words of Galina Vavilova, deputy chief of the Justice Administration, city of Moscow, the mayor's office of the capital city is ignoring the instructions of the

Government of Russia. Territorial restructuring demands large material expenditures, and the Ministry of Justice of the Russian Federation is in no position to cover them; thus the courts once again find themselves dependent upon the new executive authorities, which in turn have at least promised to allocate ten buildings which previously the served party structure. In most cases, the facilities of the party raykoms are being transferred to the books of the ispolkoms. Many of them house commercial organizations and joint-stock societies, whose membership quite often includes representatives of the mayor's office with the rights of founding members.

At the Ministry of Justice of Russia, I asked Petr Gorodetskiy, chief of the Plans and Finance Administration to comment on the situation that has taken shape in Moscow:

"Matters in Moscow are simply disgusting. In my opinion, the Government of Moscow is not interested in the development of an independent judicial authority. The thirty courts which require accommodations in fact have not been allocated one single building of those previously belonging to the CPSU. In St. Petersburg, matters are somewhat better. This picture is not, however, typical for Russia as a whole. The execution of the President's order is not progressing smoothly, but at least it is progressing—and one can already count this as progress.

"In the Russian Federation as a whole, 275 courts were refused the buildings or accommodations of former party organs, under various pretexts. About 70 percent of them are occupied by services of the executive authority, and the rest are used to house libraries, cultural establishments, and various commercial organizations.

"In a number of places the executive authorities are sabotaging the President's instruction, either covertly or in open form. Public opinion is being manipulated, and demonstrations are being organized for the purpose of undermining the prestige of the court.

"Late last year the Kirov Oblast administration turned over the party raykom building to the Kotelnicheskii People's Court, and early this year issued instructions for it to move in. This decision was then overturned by V. Makharadze, chief state inspector of the Russian Federation. In a letter over his signature, it was proposed that Desyatnikov, head of the local administration, re-examine the order and declare it illegal. The local authorities interpreted this order in their own way: electricity, heat and telephone lines were disconnected from the court's building. And an order appeared from S. Mikhin, mayor of the city, about the voluntary vacating of the building and its transfer to the department of culture in order to house a children's and youth center. This was found to be insufficient. It was also recommended that the Malyy [sic] Soviet in Kirov Oblast relieve the chairman of the court of his position.

It is not just a matter of transferring fine new buildings to the judicial authorities. You see, with the increase in the prestige of the court, the "third estate" is finally emerging from the position of permanent supplicant. Before the law everyone is equal.

### Commission Works on Law To Rehabilitate Cossacks

924C1354C Moscow NEZAVISIMAYA GAZETA in Russian 29 Apr 92 p 1

[Article by V. K.: "Shaposhnikov Pleased With Cossacks"]

[Text] Yesterday in the Kremlin a government commission headed by state advisor Sergey Shakhrai held a meeting to work on a law: "Concerning the Rehabilitation" of Cossacks. In Shakhrai's opinion, work on the law is being done in an attempt to neutralize politicization of Cossacks, and to find in them a potential ally of the president and government, and above all, an economic one.

The commission was in favor of acting in accordance with a land-based principle. A preliminary RF [Russian Federation] presidential order has already been prepared concerning land-tenure. It has also been proposed that the VS [Supreme Soviet] will issue a resolution, which will include a special interpretation of several articles of the Land Code and the Law on Local Self-Government in reference to the Cossacks. By May 20th the commission plans to have legally formulated a special service arrangement for Cossacks in the army (Shakhrai noted that Marshal Shaposhnikov had inspected one Cossack regiment and was pleased).

In addition, Russia has yet to conclude two separate agreements with Kazakhstan and the Ukraine concerning Cossacks.

### Officials Involved in Commercial Activities Fired

924C1354D Moscow IZVESTIYA in Russian 25 Apr 92 Morning Edition p 2

[Article by A. Pushkar: "Provincial Apparatchiks Dying To Be Millionaires"]

[Text] The Russian chief state inspector ordered that the Tula Proletarskiy Rayon chief of administration, V. Mogilnikov, be relieved of his post for violating a law concerning the involvement of officials in entrepreneurial activities. He is also examining the question of liability on the part of the general director of the "Tulagosbespecheniye" company, L. Vyatkin, the president of the "Tulachermet" company, A. Pukhov, and other influential economic leaders and deputies of oblast and city soviets who are involved in commercial organizations.

As was stated by the chief of the oblast [comptroller] directorate, B. Goryukhin, the volume of manufactured goods produced is now decreasing due to the catastrophic financial situation of insolvent enterprises. State purchases of livestock and poultry have been reduced by almost half. And feed prices have jumped to 1.3 times their prior levels. If you add to this wage and pension withholdings, then how can the administration look the people in the eye?

It would seem that credit resources under these circumstances should, first and foremost, go toward the development of effective forms of agriculture, processing agricultural production, and converting defense industry plants. Upon examination, however, it has been shown that

credits have all too generously been used for business deals of a speculative nature. The latter, while not increasing the volume of goods, or adding even a single pair of rubber boots to the market, has only inflated prices. And industry, to include farmers and entrepreneurs just starting out, are unable to get their businesses going due to a shortage of credits.

Some enterprise leaders and a third of all deputies of oblast and city soviets are founders, or are involved in commercial organizations. Using their official positions, they have on occasion, assisted in obtaining favorable credits for speculative aims, and in groundless exempting commercial organizations from taxes. It even came to the point that the Tula city soviet allowed a foundation for enterprise development, headed by deputy A. Kikot, to use the soviet's forms and emblem seal.

"Today ownership is synonymous with money and power. In the case of commercial organizations created under 'Tulachermet'... it is clear at present that they are owned by you, Anatoliy Pavlovich, and a handful of officials and persons close to you," said an open letter published in local newspapers. The letter was written by the oblast chief of administration, N. Sevryugin and was directed at the president of the "Tulachermet" joint-stock company, oblast soviet deputy A. Pukhov. Many commercial organizations are listed, to include private ones, with beautiful mythological names like "Edem [Eden]," "Arkadiya [Arcadia]," and "Prometey [Prometheus]," in which Pukhov and his wife, and the rayon chief of administration, V. Mogilnikov, and his spouse have holdings.

The fact that these behind-the-scenes businesses were being flaunted by the administration in broad daylight, caused a storm among the city's "white collar" workers. In the local press, polemics became heated. The almighty proprietor of metal and import goods, A. Pukhov, in an open letter addressed to the oblast chief of administration and a representative of the president affirmed that "a people's deputy... a director of a joint-stock company... and the director's wife, have complete right, according to law, to invest their personal resources in any commercial organization or private enterprise."

Then the STK [Work Collective Council] chairman, A. Ponomarev, and the profkom [trade union] chairman, oblast soviet deputy V. Sadomov, came running to the defense of the investments made by their director and his wife, having "decided to firmly stand up for their own personal honor and worth." On behalf of the workers of "Tulachermet," they made an appeal directly to the people through the newspaper.

At a special session held for this purpose, representatives elected by the people of Proletarskiy rayon protected their chief, Mogilnikov, with equal fervor, while not recognizing the order of the chief state inspector as lawful. Such times, such morals! As in the past, they trembled before decisions made by the [Committee] For People's Control or the KPK [Committee for Party Control], and now there is neither respect for authority, nor a drop of fear.

In an attempt to discredit the deputies before their constituents, a group of offended oblast soviet deputies also evaluated the order, having complained to the president of Russia himself, the speaker of parliament, and the general prosecutor.

You read all of this against a background of limitless prices and a life of semi-starvation for the common people of Tula, and you think: You see, it is not in vain after all that they say the feeling of private ownership is only second in strength to the instincts of self-preservation and reproduction. How impetuous was the reaction of former party and Komsomol workers, who had so fervently served the proletariat ideology, to the slightest doubt in their right to ownership. Of course, from the perspective of the Russian presidential order on corruption, it is not possible to dig up dirt on all of the aforementioned individuals. And the company director, like his spouse, apparently do indeed have the right to commerce. However, why does the wife of a worker not have such an opportunity?

There is a simple saying: Live and let live. But did the representatives elected by the people of Tula, having rushed in a mob to get into commerce, think of those who elected them? Tula is thought to be a town of skilled craftsmen; masters at metal-working, and talented engineers. At present, however, none of them have succeeded in opening their own businesses. No one spins, sews, works as a smith, or bakes pirozhki; those things that judging from Gleb Uspenskiy's the "Morals of Rasteryayevaya Street," are what gave the town its reputation. Why? How can conditions be created not only for a handful of elected officials, but for thousands of owners? That is the question which arises out of this controversy.

## ECONOMIC & SOCIAL AFFAIRS

### Rutskoy on Economy, Agricultural Reform

924C1334B Moscow PATRIOT in Russian  
No 14, Apr 92 p 3

Russian Vice-President Aleksandr Rutskoy interviewed by Arkadiy Makretsov: "Free Rostrum: We Can Revive Russia Only if We All Work Together"]

[Text] To be or not to be? Hamlet's question has been repeated in many recent speeches by Aleksandr Rutskoy. Within the framework of the overall strategy for presidential reforms, Rutskoy offers his understanding of ways to emerge from the crisis and expresses views that are close and understandable to most Russian Federation citizens.

At the request of PATRIOT's editors, journalist Arkadiy Makretsov met with the Russian Vice-President and asked him to respond to a number of questions.

[Makretsov] Aleksandr Vladimirovich, by decree of the President, you have been charged with personal responsibility for Russia's agriculture. How do you yourself regard this appointment and what do you intend to do in your new capacity?

[Rutskoy] Why did I become, as they say jokingly, the "country's chief agrarian"? I myself had requested the



appointment from the President, and so I accepted without hesitation Boris Nikolayevich's offer that I take up land reform. In my opinion, putting off land and agro-industrial reform for the future is the greatest mistake the government has made. If the stores had plentiful food supplies at accessible prices, if old people weren't dying of starvation every day, we wouldn't have these wild extremes in both politics and economics.

I don't have to know how to milk a cow, the most important thing is to organize the process of rural reforms. I also supervised issues relating to the agro-industrial complex in my previous capacity as a manager of conversion of military production. And even though I worked as a pilot until recently, I did not lose touch with the land and its concerns. Like any Russian citizen, our uninspired rural policies make my heart ache. If we're poor, it's not because the land is stingy, but rather because of the generosity of our land, which we have forgotten how to love—and which, moreover, we're barbarically raping. Therefore, unless we put the land in proper order, all talk about reform will remain demagoguery.

I propose a civilized system of reforms following the introduction of a period of economic stabilization. Who needs reforms for the sake of reforms? Economic stabilization would entail an immediate inventory-taking of real property, above all land, industrial enterprises, and mineral, water, and forest resources. And state shares would be issued on the basis of that inventory, for only the state can give ownership rights to physical and juridical persons and see that these shares are sold not through bribery-ridden bureaucratic structures, but through banks. The selling system must be of a civilized, social character. And above all, we need to earmark a portion of the shares for free distribution among war handicapped, veterans, the elderly, and pensioners.

[Makretsov] What is the basic thrust of your proposals for introducing an economic state of emergency?

[Rutskoy] In this country priority has been given to the development of entrepreneurship in intermediary operations, which have squeezed out production capital. Russia has become a land of presidents, banks, and exchanges. And what happens next? Who will answer for the impoverishment of our people and the collapse of the economy? We have to take another look at where the government started out and what it has come to. Only economy stabilization will allow us to make an objective assessment of the situation, to take the right decisions, and to prevent privatization from turning into the plundering of public property by those who "caught" a lot of money in muddy waters.

This is the very "frightening" state of economy emergency for which I am being criticized. But many people are now beginning to understand that unless we do this in the next few months, complete collapse will follow—for which, as usual, no one will bear responsibility. I personally am against such a course of reforms, which will leave us destitute.

[Makretsov] Economic stabilization also presupposes an analysis of the steps that have plunged both industry and agriculture into crisis. What was it that stalled earlier attempts at land reforms?

[Rutskoy] There are a lot of reasons. The most important one is the system of financing agriculture, from the state budget down to a given farm. For example, for this year, at prices as of January 1, 1991, the state has so far made preliminary appropriations of 35 billion rubles (and price liberalization began on January 2, 1992). If we divide them by 10 (which is roughly the factor by which our money has lost value), we get 3.5 billion rubles for agriculture. This is all there is for land and agro-industrial reform.

[Makretsov] Incidentally, as regards agro-industry—do we still have such a sector?

[Rutskoy] Lawmakers have forgotten about it altogether. And we need a law on the agro-industry. The Rostov Combine Plant has just come to the verge of shutdown, the Lipetsk Tractor Plant is almost there, and the Volgograd and Vladimir plants are already on the verge of closing.

What can be said about this? I have taken a careful look at previous reformers in the agricultural field. These reformers all ran into a brick wall because of the lack of the right to own land and irrational financing.

There were no centralized systems for providing credits to and making investments in the agrarian sector. In addition, there was a complete absence of control over the way credits and investments were provided. That's two more reasons. And the people working in this sector are hardly to blame. And then came backward steps, like the "futureless villages." The upshot was that the spirit of land proprietorship was stamped out altogether.

[Makretsov] And how are Western credits being used? The FRG and other countries are making available large amounts of money for our reforms.

[Rutskoy] It's a bleak picture, to put it mildly. The credits are substantial, but no one can yet point to a specially designated credit for agriculture.

Let me give you two examples of how credits have been allocated. Of the German credits, 90 million federal Marks were recently used to buy street clocks. Apparently, we need them very badly these days so as not to be late to rallies. Some 700 million was used to buy equipment for cleaning Moscow's streets. We couldn't let this wait, we have to clean those streets quickly after rallies and demonstrations. And so on and so forth. There are no plans to earmark a single federal Mark for the purchase of new production lines to process agricultural products and to produce farm machinery. So what are those credits doing for agriculture?

Foreign countries are ready to give us credits and investments, but only for specific programs, so as not to throw them to the wind. Characteristically, Boris Nikolayevich Yeltsin constantly calls attention to this and demands that

credits be allocated wisely. But I think the time has come to call to account those doing the allocating—and to do so in earnest.

[Makretsov] And what are you proposing in this area? I'm talking about implementation of agrarian reform.

[Rutskoy] First, working through the Supreme Soviet and the government, we need to conduct an immediate review of existing legislation, resolutions, and decrees on issues on land and agro-industrial reform, because everything currently in effect (or rather not in effect) contains nothing but slogans.

We also need to work out a concrete implementation mechanism—not in word but in deed—and to establish effective monitoring and strict accountability. We can't talk about the need for reforms in resolutions alone.

Of the 1991 harvest, we have now managed to somehow allow the spoilage of nearly 40 percent of all farm output. And how much we never harvested in the first place—this doesn't even enter the calculations. In Kursk Oblast alone, 70,000 hectares of sugar beets were never harvested. And how many of the tomatoes in Volgograd Oblast were harvested? How many potatoes went unharvested in Novgorod Oblast because of rains?

Yet we could have harvested and processed all of it if we had equipment designed for our climatic conditions. I recently showed the Japanese the technical documentation on our "steppe cruisers"—the Don and Niva combines, which weigh nearly 10 metric tons. They simply laughed: "Why do you need these cruisers: To batter the ground, or harvest the crops?" Given our soil density, this equipment, intended for harvesting work, simply sits on its axles.

[Makretsov] And so that it doesn't sit on its axles, we obviously need to produce the right kinds of machinery. Can it possible be that we will continue to build those "steppe cruisers"?

[Rutskoy] In Yaroslavl and Krasnoyarsk they already have experimental models of highly maneuverable and cost-effective equipment that has low fuel consumption and is adapted for work in varying climatic conditions. One small trifle remains—getting it into series production, for which, as always, there is no money. New tractors are now ready for production in Lipetsk and Vladimir. But they have the same problem—they need money!

The situation is the same with respect to the production of machinery and facilities to process and store agricultural output. I think the solution has been found in the establishment of an international financing foundation for land and agro-industrial reform in Russia.

[Makretsov] And where will you get the manpower for a breakthrough in this program?

[Rutskoy] We are going to be reducing the Armed Forces by 700,000 people. If we don't employ these people, they will simply be cast out of normal life. Given our unemployment trends, those who are discharged will join the unemployed.

In this regard, we have adopted a decision, and the President has supported it, to the effect that units, sub-units, regiments and divisions are not to be disbanded, but withdrawn to areas in which land is being allocated; they will turn in their combat equipment, but their transport and special equipment will be withdrawn along with the personnel. They will be given accommodations and receive all needed equipment from the Spetsmontazhstroi [Special Installation and Construction] Corporation, and in conjunction with it they will build an agrarian settlement and a farm output processing center. For a while the servicemen will be paid by the army, and after that, when the center becomes ready for operation, the unit will be disbanded. This is a civilized way of solving the problem of providing servicemen subject to reductions with jobs and accommodations. Since they will be building for themselves, these people will build quality facilities; nobody is going to build himself a faulty home, nobody is going to allow the installation of equipment that has first been cannibalized. And they will work in the same way, because a person will finally have his own property, which belongs to him and his family. As for supplying equipment, we've taken this into account too: There will be corporations that will supply tractors and combines. And everything will be leased, since at today's prices, thanks to this "liberalization" and all the things we talked about, it's simply impossible to buy this equipment.

[Makretsov] Producing the food products is only half the job. It is sometimes a problem to deliver them to the consumer. And the situation in this regard is not too good.

[Rutskoy] There is a great deal of absurdity in this area that was built-in "a long time ago and for a long time to come." Take, for example, the Moscow Dairy Plant. It gets milk from as far away as 700 to 750 kilometers. What can be trucked to Moscow in summer? And what can be made out of what can be brought in? And look at our meat-packing combines—they're huge! They import livestock from 4,000 kilometers away.

[Makretsov] But what can you do if God didn't endow many areas with strong fodder production capacity? If there are fish in the river, why not forget about meat and switch to fish?

[Rutskoy] We should have small and medium-sized complexes for processing agricultural output right on site.

And take our huge grain storage facilities! They stand like the Ostankino tower, in every oblast and every rayon. How much grain is lost during shipping, how much grain is burned up and rots when the pressurization system fails? We need to get away from this.

My experts just calculated that we could feed people from each harvest during the next year too even if nothing was harvested the next year. The stores would be just as full as those in France, Italy, and Britain, no less so. But that's if we organize, set up, and process all this. And this must be done everywhere—and should have been done yesterday, without waiting for future orders from Moscow. A system of small and medium-sized processing complexes must be set up. When I worked in conversion—which hasn't been

taken away from me—I was able to set up dairy plants with a milk-processing capacity of four to 40 metric tons per day, as well as meat and vegetable complexes of this size.

[Makretsov] Surely it would be possible to make some headway in this area at the local level without orders from you.

[Rutskoy] We're talking about a readiness to give credits to farmers. But no matter how much we give, where are they going to buy slate, bricks, and carpentry supplies? All these things are incredibly expensive, they're being sold at speculative prices or at the exchanges at 20 to 30 times nominal value. And so for the farmers to build houses they have to go through the torments of hell. Let's take this approach: Either they build houses and farms, or raise livestock and work the land. We're going to set up associations and facilities that will work to deal with all the concerns that tear the farmer away from farm work. But in the future jobs have to be started and finished. We often hear the figure that there are 56,000 private farms in Russia. Of them only .02 percent have even one tractor or any kind of piece of equipment for working the land. And in reality, in Russia as a whole only 250 farmers have what they need for normal operation. It's time to put an end to the out-of-control actions of the bureaucratic mafia. But Rutskoy alone won't be able to do this: Let's work to defeat them together.

[Makretsov] Who, then, is going to save Russia: business people, farmers, the military, or politicians?

[Rutskoy] Only if we all work together, united by a common idea, will we save and revive Russia. No one person on his own can do this. And therefore, every Russian Federation resident who considers himself a patriot must not only look out for himself, but also do what he can to create conditions in which others can succeed.

[Makretsov] What, in your view, is the original Russian idea?

[Makretsov] The end must correspond to the means of achieving it. In working to accomplish the tremendously difficult tasks of creating a new Russia, we must not ignore spirituality and mortality. And our end is very noble—to build a strong and prosperous Russia.

### **Bank Association President Backs Increased Money Supply**

924A1092A Moscow MOSCOW NEWS in English  
No 17, 26 Apr 92 p 11

[Interview with Sergei Yegorov, president of the Association of Russian Banks, by Andrei Borodenkov: "A Poisonous Overdose"]

[Text]

[Yegorov] The idea was great: to beat inflation and minimize the budget deficit. How was it realized? To reduce the fever the patient was taken outside and exposed to freezing temperatures. Prices were liberalized and grew tenfold, while no additional money was put into circulation. Factories have no money to pay contractors, consumers have

no money to pay producers. We are all debtors, Russia's internal debt running into 700 billion rubles and increasing daily.

If only enterprises could get bank loans to pull through the hard times! But commercial banks are short of money, too, because their main source of loans, Russia's Central Bank, believes in rationing, which brings landslide closures and stoppages. Not only obsolete and dying industries are closed down, but giants like the Kirov Works, St. Petersburg, on which our farmers pin their hopes for modern tractors.

Incidentally, we predicted the situation six weeks ago and sounded the alarm—banks will be the first victims of industrial paralysis. They will go bankrupt since their clients are insolvent.

[Borodenkov] What do you propose? To put more money into circulation? But what was the point of the economic reform then? The ruble will once again be a laughing stock, and hyperinflation will become invincible.

[Yegorov] This is not what we are proposing. It is impossible to fully compensate for price rises by money emission. But it is necessary to compensate for at least half of it. If the amount of money now circulating in Russia is about one trillion rubles, at least another three trillion ought to be added to save industry and agriculture from collapse. These would not be given out as direct subsidies, though. Let the money come as a loan from Russia's Central Bank (RCB) to commercial banks, which will certainly find a means to dispose of the loan in ways profitable to all, including Russia's budget.

In the meantime, "The Main Guidelines for RCB Monetary and Loan Policies in 1992" currently submitted for Supreme Soviet approval only purpose to increase circulation by another 500 billion rubles. The figure is absurd. It neither compensates for price rises nor takes into account the main aspect of the economic reform, namely privatization. The government intends to privatize about 50 percent of all main assets by the end of this year, which will take about four trillion rubles by the most conservative estimates allowing for raised prices. But this is not all. Trillions of rubles will be needed for land transactions, which are also due to begin soon. All these assets will remain unclaimed if no loans are forthcoming. Allowing a mere 500 billion rubles for them means the plans will come to naught.

[Borodenkov] By proposing to emit seven to eight trillion rubles in loans to be handled by commercial banks you don't sound exactly disinterested. Just a few percent in bank interest may run into tens of billions for you private bankers. Aren't you afraid to get too fat?

[Yegorov] To begin with, those tens of billions will be nothing compared to past or even present-day billions. Trillions of rubles emitted at the same time will reduce bankers' billions to dust. But in any case that would be a lesser evil than total collapse of the economy due to money shortage.

Secondly, bankers are as interested as the government in reviving the ruble and not just making paper money. The ruble's health depends on availability of goods. How can the ruble be revived by ruining production? What is the good of having a deficit-free budget against a background of dying industry and overall chaos?

Finally, Russia's Central Bank has many means and ways to prevent commercial banks from growing fat on its loans.

**[Borodnikov]** Are there any guarantees that additional loans given by RCB to commercial banks will be invested in production rather than spent on speculative deals promising fast and high profits?

**[Yegorov]** The danger exists, of course. But there is an antidote. RCB could give soft loans to finance production. Banks must not be told which particular branches to support, although priorities should be indicated. Banks will choose their clients themselves among producers capable of modernizing production and paying back on time.

**[Borodnikov]** A short time ago the management of the All-Russia Bank League told the press their opinion of the "Main Guidelines," which contradicts what you have been telling me. Why such a discrepancy?

**[Yegorov]** Everyone chooses their own master. Apparently the League directors decided that by toadying to RCB today they will get privileges and allowances tomorrow. In this way they have betrayed the interests of the banks they represent. Let me repeat that if the "Main Guidelines" are approved as they are, the vast majority of commercial banks will be done for.

On the other hand, the League management has obviously been too rash in their approval. A short time ago, following our request, the budget commission of the Supreme Soviet considered our critical notes on the "Main Guidelines" and sent them to be corrected and improved. Gaydar, too, has come round to the opinion that RCB's severe monetary and loan policies ought to be relaxed. At any rate, he said so at a recent meeting with representatives of Russia's Union of Industrialists and Entrepreneurs.

**[Borodnikov]** Is it a retreat from IMF's recommendations and the reform that Gaydar's government has been so fiercely fighting for?

**[Yegorov]** Not at all. The proposed reforms are an objective necessity. It is simply a question of our economy's specific features and, consequently, of the reform's pace. It is quite clear now that a cavalry attack has failed to beat inflation or trigger off structural reforms. The losses are too heavy. A siege is the only remaining option.

### **Agrarian Reforms Deadlocked**

924A1091A Moscow ZEMLYA I LYUDI in Russian  
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[Article: "Agrarian Reforms Deadlocked"; report by I.S. Silayev, chairman of the RSFSR Council of Ministers, and

extract from decree of Congress of People's Deputies of the Russian Soviet Federated Socialist Republic entitled: "Political and Socioeconomic Situation in the RSFSR and Measures for Emerging From the Crisis"]

[Text] Almost one and a half years have passed since the people's deputies of Russia, during their 2d Congress, adopted the extensive program for carrying out the agrarian reform. At that time, the agricultural workers placed great hopes on the implementation of this program. But the initial results of the agrarian reform have disappointed them greatly and they have aroused considerable alarm regarding the eventual fate of the planned changes and the work to be carried out in the agrarian sector. Materials of Goskomstat [State Statistical Committee] of the Russian Federation have clearly revealed the profound crisis in which agriculture and the republic's entire agro-industrial complex find themselves in today.

The decline in production, livestock losses, the reduction in livestock productivity and destruction of the peasantry are processes which are continuing today. In 1991, the food market was characterized by an extreme lack of balance between consumer demand and commodity supply, which declined by 10 percent compared to 1990. By the beginning of 1992, practically all of the products of primary need—meat and dairy, eggs, sugar, vegetable oil, groats, macaroni products and in a number of areas bread and potatoes had become goods which were in critically short supply. Moreover, each one of us can make a judgment regarding the severity of these shortages in just as competent a manner as the so-called knowledgeable experts.

At the present time, one often hears the statement being made that such difficulties and the decline in production are often the regular temporary results of the implementation of any reform and that one only needs to be patient.

It is more than strange to hear such a statement issuing from the lips of those who favor the variant of the reform being carried out. It is recalled that during the 2d and 3d congresses of people's deputies of Russia, when striving to achieve support for their draft changes, they stated that advancement along the reform path would make it possible to increase production in a steady manner. And it seemed that this should have been the case. Indeed, the reform is not a revolution and it was not expected to change everything all at once. But based upon retention of the potential already accumulated and the best experience and taking advantage of decisions handed down for individual socioeconomic problems, it will provide us with a new expanse for development.

However, it did not turn out this way and it shows no evidence of doing so.

Why is this?

We do not wish to give readers our response to this question. We assume that they are capable of studying the problem and drawing the correct conclusions. In order for such analysis to be objective and accurate, we recommend that it be carried out on a strictly documentary basis.



For a start, we believe that the following should be recalled:

**What Was the Plan?** (From a report by the chairman of the RSFSR Council of Ministers, during the 2d Special Congress of People's Deputies of the RSFSR.)

The documents presented today for your examination call for the carrying out of three very important reforms: land, economic and social.

The essence of the land reform consists of creating conditions for the equal development of various forms of land management, the formation of a multi-faceted economy and efficient land utilization. In the law entitled "Land Reform," provision is made for a number of radical changes in land relationships. Private ownership of land is introduced. Today each citizen of the republic has the right to start his own business and to acquire land on an ownership basis for the purpose of organizing agricultural production, building a workshop, house, dacha or garage or for establishing a garden. The right to buy and sell land has been legalized. A tax is being established for the use of land. The right of each kolkhoz and sovkhoz worker to leave his establishment with a plot of land as property is being firmed up. Towards these ends, a redistribution of land will be carried out and a mechanism will be defined for creating a special land fund in the republic. Through the use of land that is not in use at the present time and also kolkhoz and sovkhoz land that is not being employed efficiently, a reserve fund of 15-20 million hectares has been created. It will be possible to create 400,000-500,000 peasant farms on these lands.

Land reforms carried out in Hungary, Poland, Yugoslavia, China and a number of other countries, where there was a great expanse for all forms of ownership and where equal conditions were created for all producers, including peasant farms and private entrepreneurs, have produced considerable growth in the production of agricultural products.

Aware that newly begun entities are unable to perform independently without help, the government prepared recommendations for furnishing comprehensive assistance and support to the peasant farms. We will promote their use through the flexible use of economic levers: interest rates for loans and investments, taxes, prices, special purpose state subsidies for the creation of a logistical base and others.

The dynamic development of agriculture, even its very existence, will in many regions be determined to a large extent by society's attitude towards the peasant and the rural intelligentsia and to their social needs and this is directly associated with achieving solutions for the social problems.

The rural areas, in the fullest sense of this term, must be rescued. A need exists today for creating a number of socio-economic advantages for rural dwellers that will serve to raise the prestige of their work and daily routine.

In addition to its political and economic importance, the revival of the Russian countryside also has high moral value. Here we have in mind a revival of our society's spiritual make-up.

In the process of preparing for the present congress, the Council of Ministers, based upon recommendations advanced by local soviet organs, many people's deputies and scientific, cultural, educational and public health workers, developed a program for the social revival of the Russian rural areas.

You are presented with the draft law of the RSFSR "Social Development of the Rural Areas," which calls for a state guarantee for the priority development of the social infrastructure for the countryside and which defines the path for carrying out this program and its financial sources.

Based upon this law and taking your comments into account, the decrees of the RSFSR Council of Ministers regarding housing and cultural-domestic construction, road construction, development of rural gasification, electrification and communications, radio and television resources in rural areas will be adopted during the 1991-1995 period.

This program will be based upon an orientation towards the creation of working and living conditions that are on a par with those found in cities.

The plans for the forthcoming five-year plan call for the placing in operation of housing and other social objects to be increased by a factor of 1.5-2, for the volume of gasification and heating system work to be increased by several times and for road construction work to be doubled.

The implementation of social reconstruction in the rural areas assumes the creation of a network of fine roads connecting the oblast centers, rayons, farms, populated points, fields and farms. The government is allocating considerable resources for these purposes. Roughly 211,000 kilometers of intra-farm roads will be built, exceeding by a factor of 2.5 the figure for the 12th Five-Year Plan.

The plans call for large tasks to be carried out in the area of domestic and transport services, trade and in other spheres of the social infrastructure, such that the peasants will begin to feel that they are full-blooded members of our society rather than social outcasts.

The realization of this program requires strong state support—in terms of both resources and finances. This is why the draft law calls for not less than 15 percent of the republic's national income to be targeted from the budget for these purposes. Up until now, this level did not exceed 4-5 percent.

In completing this section, I would like to emphasize that it is precisely by combining the politics of reorganizing economic relationships in the rural areas with strong investments, especially in the social sphere, in processing and in the storage base, that we can achieve the effect that will provide us with a considerable increase in the production of food goods.

The government considers it necessary to implement a purposeful policy aimed at motivating the collectives of

enterprises, of construction, highway and other organizations, cooperatives and private enterprises into participating in rural construction and in the building of facilities for processing and storage and for the production of agricultural equipment. A proposal has been made to lower the tax on profits for builders by twofold, compared to the norms and proportional to the volume of work carried out at these objects.

The government, despite all of the difficulties in the draft budget for 1991 presented to the RSFSR Supreme Soviet, provides for the centralized resources needed for carrying out the program for social reconstruction of the rural areas. In particular, the plans call for financing of the program for gasification, electrification and water supply for populated points, the main portion of the highway infrastructure, the construction of food industry enterprises, financial support for peasant farms and the construction of housing and childrens' institutions, to be carried out for the very first time by means of the budget. It is expected that 12 billion rubles will be added to the budget for this purpose. This figure will be increased as the budget is utilized and as additional opportunities are found. Using centralized resources, we will also build housing for teachers, doctors and cultural and sports workers.

The social revival of the rural areas is impossible in the absence of state financial support. This also applies to the peasant farms and kolkhozes and sovkhozes. For a number of decades, the prices for agricultural products have been at variance with the prices for the logistical resources delivered to the rural areas.

The peasants view such an approach towards the distribution of national income as unfair and infringing upon their interests and, if you wish, upon their dignity.

The proposed introduction of new wholesale prices commencing 1 January 1991, for products of a production-technical nature and for services, is bringing about a considerable increase in expenses in agricultural production and in the processing of raw materials. Thus considerable importance is being attached to the introduction of strict price indexing for industrial and agricultural products and to avoiding problems in price formation. The government will strictly monitor the correctness of price formation during the transitional period and also the market and considers it necessary to raise the purchase prices for agricultural products in conformity with the raised wholesale prices.

**From the Decree of the Congress of People's Deputies of the Russian Soviet Federated Socialist Republic Entitled: "Political and Socioeconomic Situation in the RSFSR and Measures for Emerging From the Crisis."**

The Congress of People's Deputies of the RSFSR decrees:

5. That the Supreme Soviet of the RSFSR and the Council of Ministers of the RSFSR:

—will ensure the carrying out of the decisions of the 2d (special) Congress of People's Deputies of the RSFSR,

with regard to revival of the Russian countryside and improvements in the food supply for the republic's population;

—will ensure, jointly with the supreme soviets of those republics included in the RSFSR, the local soviets of people's deputies and their executive organs, that a solution will be found for the tasks of land reform, as defined in the laws and by the Supreme Soviet of the RSFSR;

—will ensure, in keeping with the established schedules, the allocation of tracts of land to all RSFSR citizens desiring to operate peasant (farmer) farms or to engage in horticulture, gardening or in the construction of private homes;

—when preparing the special 1991 budget for the RSFSR and the budgets for subsequent years, will make provision for a system of state financial support for the agro-industrial complex, with not less than 15 percent of the national income of the RSFSR being made available annually for this purpose;

—will ensure compensation to agriculture for the additional expenditures associated with the raised wholesale prices for logistical resources, the cost of capital construction and the rates for services not provided for in the purchase prices for agricultural products introduced on 1 January 1991;

—will accelerate the preparation and adoption of RSFSR laws governing priority support for the agro-industrial complex in the form of logistical resources, the land tax and the Land Code of the RSFSR;

—will create a republic agricultural bank; resolve questions concerned with collecting the interest on long-term and short-term loans undertaken before 1 January 1991 by the agro-industrial complex and in the amounts which were in effect prior to 1 January 1991;

—will immediately prepare and adopt the state program "Grain of Russia" and a complex of measures aimed at developing livestock husbandry and the food and processing branches of industry.

Moscow, the Kremlin. 4 April 1991.

Even the 16 month affair of at times deafening political and economic events, which changed the life of almost each one of us individually and that of the entire country on the whole, was incapable of fully suppressing the feeling of hope and optimism which these decisions aroused among our rural residents at the time.

One in particular was very important and convincing: the unconditional priority assigned to the development of agriculture, to the exclusion of all of the other branches of the national economy without exception, and as the foundation for this priority—the legislatively committed allocation of adequate resources in accurately determined volumes.

But no sooner did the applause of the deputies die down, applause generated by our intelligent decisions, than optimism yielded to disappointment: immediately following the increases, in January 1991, in the purchase prices for agricultural products, on the order of several tens of percent, the industrial enterprises and construction organizations raised their prices for equipment, resources and services by a factor of 2-4. Members of the council of the Agrarian Union of Russia attempted in vain to obtain an explanation from the government as to how this related to the declared priority for the APK [agro-industrial complex], during the heated political skirmishes of the previous spring, the only reaction to this was additional confirmation of the previous decisions by the 3d Congress of People's Deputies.

The divergence in socio-economic processes in practical life from the adopted decisions, which lacked attention at the very beginning, increased with each passing month. It was already impossible not to notice it. Finally, a voice of alarm was heard within the parliamentary committee itself.

#### Voice of Alarm

From the 8 August 1991 decision by the Committee for Social Development of the Rural Areas, Agrarian Questions and Food Goods of the RSFSR Supreme Soviet. On fulfillment of the RSFSR law "Social Development of the Rural Areas" during the first 6 months of 1991.

1. It is noted that the RSFSR law "Social Development of the Rural Areas," directed at creating a realistic priority for developing the social sphere and reviving the Russian countryside, is not being carried out.

2. The decrees adopted by the RSFSR Council of Ministers for ensuring fulfillment of the law "Social Development of the Rural Areas" has not been reinforced by the required financial and material resources. Failure of the annual program for building objects of the social sphere in rural areas is now being noted.

RSFSR Minfin [Ministry of Finances] came up short by 13.4 billion rubles with regard to the financing of capital construction for the agro-industrial complex this year from the budget. The state programs for implementing the law were secured by budgetary financing for housing construction by 22 percent, for socio-domestic needs—by 37, for highway construction—by 67 percent and for enterprises of the food and processing industry—by 76 percent.

USSR Minekonomiki [Ministry of Economics], USSR Minmatresursy [Ministry of Logistical Resources] and RSFSR Goskomobespecheniye did not allocate the logistical resources needed for carrying out the governmental programs in the volumes required. The Russian countryside was undersupplied in the amounts of 9 million tons of cement, 1 million tons of rolled metal, 520,000 tons of steel pipe and 750 million standard slate slabs. In many instances, the suppliers refused to conclude agreements for the funds allocated. An extremely unsatisfactory situation developed with the suppliers of pipe for gasification, lumber, wooden homes, electrical engineering equipment,

construction equipment, glass, objects of an engineering nature for dwellings and many other types of products.

As a result and in accordance with the totals for the first 6 months, a reduction was noted, compared to the first 6 months of last year, in the number of dwellings, elementary schools, pre-school institutions, clubs and palaces of culture placed in operation. During the 6 month period, only 16 percent of the dwellings, 13 percent of the clubs and palaces of culture, 11 percent of the schools and 10 percent of the pre-school institutions called for in the annual program were actually placed in operation.

The operational results for the first 6 months reveal that gasification of the rural areas is being carried out in an extremely unsatisfactory manner. During the January to June period, 21 percent of the distribution gas networks and eight percent of the gas pipeline offsets called for in the annual task were placed in operation.

There was a decline in the highway construction rates for the rural areas. Of the 30,100 kilometers of road called for during the current year, agreements were concluded with contractual road organizations for the completion of only 24,400 kilometers of road, or 80 percent of the governmental task. Only 14 percent of this amount was completed during the first 6 months.

3. The course of fulfillment of the governmental programs for the social revival of the Russian countryside indicates that the organizational work carried out by the RSFSR Council of Ministers is clearly inadequate. The organizational work behind the carrying out of adopted governmental decrees is unsatisfactory and control over the course of their fulfillment is at a low level.

4. The president of the RSFSR, B.N. Yeltsin, should be asked to examine the reasons why the decisions handed down during the 2d special RSFSR Congress of People's Deputies and the RSFSR law "Social Development of Rural Areas" were not carried out and he should implement measures aimed at punishing the guilty officials and ensuring unconditional fulfillment of those decisions of the Congress of People's Deputies and the Supreme Soviet concerned with the revival of the Russian countryside.

5. The RSFSR Office of the Public Prosecutor and the RSFSR Court of Arbitration should be asked to examine the question of the responsibility of those ministerial, departmental and enterprise officials, who were negligible in connection with non-fulfillment of the RSFSR law entitled "Social Development of Rural Areas."

From the 1 October 1991 decision by the Committee for the Social Development of Rural Areas, Agrarian Questions and Food Goods of the RSFSR Supreme Soviet, concerning fulfillment of the RSFSR law entitled "Priority Support for the Agro-industrial Complex in the Form of Logistical Resources."

1. The implementation of the agrarian reform in the RSFSR, based upon decisions handed down during the 2d (special) Congress of People's Deputies and the laws entitled "Social Development of Rural Areas" and "Peasant

(farmer) farms," is taking place under complicated conditions that for the most part are caused by an unsatisfactory logistical base and the absence of a complex of machines for agricultural production and for the storage and processing of products. It is for this reason that extreme difficulties are being experienced in connection with the formation of the newly created peasant (farmer) farms.

On 26 June of this year, in the interest of decisively improving the status of affairs in the sphere of logistical support for the agro-industrial complex, the RSFSR Supreme Soviet adopted the law "Priority Support for the Agro-industrial Complex in Logistical Resources." The three month period which followed the enactment of this RSFSR law was employed in an unsatisfactory manner by the executive and distribution organs for the practical realization of the APK priority. The government has still not adopted the decree of the RSFSR Council of Ministers concerning fulfillment of the 26 June 1991 RSFSR law. The negative attitude towards fulfilling the requirements of the law is manifested in the work of RSFSR Minprom [Ministry of Industry], RSFSR Minkonomiki [Ministry of Economics], RSFSR Goskomobespecheniye [State Committee for Support] and the RSFSR Court of Arbitration.

RSFSR Goskomobespecheniye, in Order No. 180 dated 30 August 1991 "Preliminary Linking of Consumers to Suppliers for Product Deliveries in 1992," did not stipulate any priority support for the APK and issued an instruction calling for agreements to be concluded at a level not less than 70 percent of the previous year.

The RSFSR Ministry of Finances and RSFSR Gosbank did not develop a mechanism for employing the tax and credit privileges pointed out in the 26 June 1991 law or for the introduction of economic sanctions for refusal to conclude agreements or for the non-delivery of logistical products to the APK.

Today the RSFSR Arbitration Court lacks practice in employing the 26 June 1991 RSFSR law and the requirements of suppliers with regard to reducing the volumes of products being delivered to the agro-industrial complex are finding support in the various areas.

The absence of proper control and organization in carrying out the requirements of the 26 June 1991 RSFSR law has led to additional and serious reductions this year in connection with supplying the rural areas with logistical resources. A number of large suppliers of logistical resources for the APK not only have not improved the deliveries of resources to the rural areas, but in fact, just as in the past, they are not concluding agreements for deliveries this year. The KamAZ joint-stock company is categorically refusing to meet the limits assigned to RSFSR Minselkhozprod [Ministry of Agricultural Products] and plans to conclude agreements in the amount of 70 percent. In 1990, this association fell short in its supply of automobiles to the rural areas by 7,900 vehicles. During 9 months of this year, KamAZ failed to ship 2,770 automobiles.

The Chelyabinsk and Altay tractor plants are not concluding delivery agreements this year and their deliveries

are irregular. The "Kirov Plant" association plans to obtain K-700 and K-701 tractors, with the necessary units and parts, for its customers.

There have been disruptions in the deliveries of packaging materials needed for shipping animal oil, milk cans, food cartons for the meat industry and container glass. Owing to a breakdown in deliveries of polypropylene film, newly installed imported lines for the production of dry lunches and crackers are lying idle.

A reduction in deliveries of equipment, spare parts and materials for the mechanization of livestock husbandry farms and feed production has produced great difficulties in the preparations for and the carrying out of livestock wintering operations. A shortage of construction materials is causing delays in the placing in operation of objects of a production and social nature in the rural areas.

The formation of a plan for deliveries of logistical resources to agriculture in 1992 is not being carried out in a satisfactory manner.

2. The president of the RSFSR should task the RSFSR Council of Ministers with adopting, prior to 1 November of this year, all of the documents needed for ensuring efficient implementation of the 26 June 1991 RSFSR law. In addition, he should accelerate the formation of the state program for mechanizing agriculture and the creation of a Russian company for agricultural machine building.

When concluding inter-republic and foreign economic agreements, provision should be made for immediate measures aimed at ensuring a priority for the APK in the Russian Federation.

Prior to 15 October of this year, a system should be approved for ensuring that the APK is supplied with the logistical resources needed for 1992.

3. During the second half of this year and in conformity with the limits assigned, RSFSR Goskomobespecheniye should compensate for the lag in the deliveries of products for the APK.

4. The RSFSR Ministry of Agriculture and Food Goods, no later than 1 December 1991, must ensure the deliveries of logistical resources to all APK customers. The formation of the infrastructure for service support for peasant (farmer) farms must be accelerated. A review of the GOSTs [state standards] for agricultural products should be organized.

5. Goskomekonomika must ensure, in complete conformity with the 26 June 1991 RSFSR law, the assignment of limits for 1992, in accordance with the requests of RSFSR Minselkhozprod. Prior to 1 January 1992 and jointly with RSFSR Minselkhozprod, it must present proposals for maintaining price parity for industrial and agricultural products.

6. The RSFSR Office of the Public Prosecutor and the RSFSR Court of Arbitration must be asked to accelerate



the development of practical measures for legally protecting the interests of the APK in the sphere of logistical support, in conformity with the RSFSR law of 26 June 1991

It must examine the question of the responsibility of the leaders of the KamAZ joint-stock company and the Altay Tractor Plant for non-fulfillment of the goszakaz [state order] for deliveries of agricultural products. Where necessary, those leaders of supplier-enterprises who crudely violated the RSFSR law entitled "Priority Support for the Agro-industrial Complex in the Form of Logistical Resources" should be held accountable.

Jointly with the organs of Minselkhozprod and Goskomoobespecheniye, the soviets of people's deputies of republics included in the RSFSR and of krais and oblasts should be asked to develop and implement measures for maximizing the use of local resources in the interest of achieving more complete support for the APK requirements

The past autumn was a period of great expectations. Not only the peasants, but rather the entire country viewed with both alarm and hope the decisions calculated to change our fate. The few ukases and decrees in the sphere of agrarian reform that were issued one after another by the higher organs of executive authority did not become crucial to the implementation of the reform. This was mainly owing to the fact that they touched upon only one aspect of the reform—the re-allotment of land, which was carried out rather successfully. But to a lesser degree it also derived from the fact that they were not coordinated with documents adopted earlier. Moreover, these documents created a legislative labyrinth that was difficult to overcome

### Legislative Labyrinth

I. Ukase of the president of the Russian Federation "Urgent Measures for Implementing the Land Reform in the RSFSR."

In Point 2 of the Ukase, the right to hand down decisions governing the redistribution of land is extended to the local administration. At the same time, in Point 4 of the decree of the Congress of People's Deputies of the RSFSR "Program for Revival of the Russian Countryside and Development of the Agro-Industrial Complex," in the RSFSR laws "Land Reform" and "Peasant (farmer) Farms" and in the RSFSR Land Code, the right to present and withdraw tracts of land falls within the competence of the local soviets of people's deputies.

(Article 12 of the USSR Constitution and Article 4 of the decree of the 2d Congress of People's Deputies: articles 5-14, 23, 28-35, 37-40, 42, 44, 45, 52, 53, 55, 58, 61, 63-69, 78, 80, 83, 85, 86, 92, 94, 96, 108 of the RSFSR Land Code and also the complete Chapter III of the Constitution on local organs of government: articles 1, 8, 33 of the RSFSR law "Land Reform," articles 4-10, 26, 33 of the RSFSR law "Peasant (Farmer) Farms".

Point 3 of this ukase covers the right of each member of a kolkhoz and a state enterprise worker to depart a kolkhoz or sovkhoz, without interference, for the purpose of creating a peasant farm.

Article 58 of the RSFSR Land Code states that the right to create a peasant farm belongs to workers who possess agricultural experience. These farms can also be created on a competitive basis

The right to purchase tracts of land is presented to legal entities in Point 5 of this ukase. This is in conflict with Point 2 of Article 6 of the RSFSR law entitled "Ownership in the RSFSR," according to which tracts of land are presented to legal entities for use.

Point 12 of the ukase states that, commencing 1 January 1992, citizens owning tracts of land are authorized to sell these tracts to other citizens.

At the same time, in Article 12 of the RSFSR Constitution and Article 4 of the decree of the Congress of People's Deputies of the RSFSR "Program for the Revival of the Russian Countryside and for Development of the Agro-industrial Complex," the right to sell a tract of land is granted only to the state and for a period of 10 years following acquisition of the right of ownership of a tract of land, its purchase or sale is not permitted. In addition, in Article 52 of the RSFSR Land Code and Article 10 of the RSFSR law "Peasant (farmer) Farms," the rights of an owner of a tract of land are enumerated. No provision is made here for the right to sell a tract of land to another citizen

Point 15 of the Ukase permits withdrawing forested lands of the first group for peasant (farmer) farms, horticulture, kitchen gardens, and individual home construction, though such withdrawal is not provided for in Article 94 of the RSFSR land code.

II. Ukase No. 213 of the president of the Russian Federation, dated 2 March 1992, "System for Establishing the Norms for the Free Transfer of Tracts of Land To Citizen Ownership."

In Point 2 of the ukase, the head of the local administration is authorized to establish a differentiated average norm for the free transfer of land on an ownership basis, according to zones of a rayon's territory that are characterized by differing rural population densities. At the same time and in conformity with Article 7 of the RSFSR Land Code and Article 8 of the RSFSR law entitled "Land Reform," such a transfer is being carried out within the average land quota available within a given administrative rayon.

III. Ukase of the president of the Russian Federation "Sale of Tracts of Land To Citizens and Legal Entities in Connection With the Privatization of State and Municipal Enterprises."

In Point 1 of the ukase, citizens and legal entities are granted the right, in connection with the privatization of state and municipal enterprises, to acquire tracts of land on an ownership basis. In Point 2, it is stated that tracts of

land presented to citizens and their associations for private business undertakings can be sold to them on an ownership basis if the citizens and associations so desire.

The conditions of the mentioned points are in conflict with Article 12 of the RSFSR Constitution and Article 4 of the decree of the Congress of People's Deputies "Program for the Revival of the Russian Countryside and Development of the Agro-industrial Complex," which prohibit such sales and also with Article 7 of the RSFSR Land Code and Article 4 of the RSFSR law "Land Reform," which makes no provision for the ownership of a tract of land for these purposes.

#### IV. RSFSR law "Payment for Land."

In Article 4, it is stated that only a land tax is collected from peasant (farmer) farms and that none of the remaining taxes apply. At the same time, it is stated in Article 21 of the RSFSR law "Peasant (Farmer) Farms" that the collection of a tax on income is permitted.

#### V. RSFSR Land Code

Taking into account the alternative versions in the RSFSR Land Code (articles 29, 33, 58, 115 and 120), a need exists for clarifying the system employed for resolving land disputes and, in particular, for defining the priorities for examining disputes associated with the withdrawal and presentation of land.

VI. Decree No. 86 of the government of the Russian Federation, dated 29 December 1991, "System for the Reorganization of Kolkhozes and Sovkhozes."

Point 9 of the decree establishes the right of all farm workers, including pensioners, to a land and property share.

At the same time, Article 8 of the RSFSR law "Peasant (Farmer) Farms" contains a discussion of the right to a land share of only farm workers and to a property share—farm workers and pensioners who have worked on a farm for not less than 20 years.

VII. Decree No. 138 of the government of the Russian Federation, dated 6 March 1992, "Course and Development of the Agrarian Reform in the Russian Federation."

In Point 6 of the decree, mention is made of the reregistration of kolkhozes and sovkhozes in the event decisions are handed down during a meeting of labor collectives, concerning retention of an earlier form of management. This would be in conflict with Ukase No. 323 of the president of the Russian Federation, dated 27 December 1991, "Urgent Measures for Implementing the Land Reform in the RSFSR, in accordance with which the kolkhozes and sovkhozes are obligated in 1992 to carry out a reorganization and adjust their status in conformity with the RSFSR law "Enterprises and Private Business Activities."

Moreover, in connection with the many references being made at the present time to the various documents attesting to the right to land, uniformity should be sought in resolving the question of the type, form and system for

issuing and subsequently replacing the right to land ownership, which is legally valid right up until delivery of the state land document.

In connection with the above and also based upon a need for preventing future legislation from containing norms which are in conflict with one another, we must, together with the adoption of a new norm, either abolish the norm which is in conflict with it or have it conform to the new norm.

In the interest of conducting an expert examination of the draft decisions of the president and government of Russia, analyzing the existing legislative documents on land and agrarian reform and also preparing recommendations for the introduction of appropriate changes into existing legislation in the established manner, we must have a special group in the main legal office of the president's administration.

We will not venture a guess: whether it was because of lack of time or lack of desire, that the government, over the course of an entire year, failed to hear the alarm sounded by those who feed the country. But during this time, the increasing void between the initial plan of the agrarian reform and its practical implementation vividly outlined its initial results: we obtained farmer-owners who found themselves, one after another, with their own land, but lacking tractors, plows, machines and also livestock facilities.

The alarming process of limited horsepower began to intensify even on the large farms—the per-worker power ratio began to decline at kolkhozes, sovkhozes and cooperatives.

This was not surprising: those who create the tractors and machines found themselves in just as disastrous a situation as the peasants themselves. By the beginning of the second spring, in the history of the reform, all APK workers without exception, together with the peasants, released a distress signal.

#### **Distress Signal for the President of the Russian Federation B.N. Yeltsin on Development of the Russian Federation's APK in 1992.**

Dear Boris Nikolayevich:

The results of the first month of work under the conditions of liberalized prices have accelerated the conversion of agriculture over to the market economy. However, this reorganization is complicated by a sharp deterioration in the economic status of the agro-industrial complex.

1. The disparity in prices has intensified. This year the prices for industrial products and services for the rural areas have increased by a factor of 30-50, while the prices for agricultural raw materials have increased by a factor of 5-7.

For example, according to data received from various areas, the estimated cost for construction installation work at the Chernyshikhin Meat Combine in Nizhegorod Oblast for 1992 was 5 million rubles. However, the contractual

organization TSO of Rsssevpstroy presented a draft agreement for 50 million rubles for this same volume of work.

The cost for one kilometer of intra-farm road in Russia increased from 200,000-250,000 rubles to 1-1.2 million rubles and that for a twin-apartment building—from 100,000 rubles to 1 million rubles.

2. Centralized capital investments have declined sharply compared to last year.

In order to carry out the programs developed by the government of Russia, in conformity with the RSFSR law "Social Development of the Rural Areas," the agro-industrial complex will require state centralized capital investments of not less than 48 billion rubles this year (in 1 January 1991 prices) and 6.5 billion rubles for furnishing state assistance to the peasant (farmer) farms.

The mentioned capital investments will make it possible to establish a volume for 1992 for the placing in operation of objects in the social sphere, in conformity with the tasks established by governmental decrees.

However, in the computations for the draft budget for 1992, for development of the agro-industrial complex, the plans call for the allocation of only 10 billion rubles of state centralized capital investments (in 1 January 1991 prices) and this amounts to only 21 percent of the requirement.

Under these conditions and considering a requirement of 28.2 billion rubles for the construction of housing, socio-cultural objects and roads, the plans call for the allocation of only 3 billion rubles, or 11 percent, public education—16, public health—30, gasification—37, construction of intra-farm roads—18 and electrification—53 percent of the requirement.

For the development of the processing branches of industry and construction industry bases, budgetary appropriations are planned only for construction projects of all-republic importance. All of the remaining 413 construction projects will be frozen; approximately 2.9 billion rubles are needed for their completion.

Thus the priority development of the rural areas, as defined during the 2d (special) Congress of People's Deputies of the RSFSR is being ignored for all practical purposes.

3. The financing of work directed towards preserving and improving land fertility has been discontinued and the prices for mineral fertilizer and for land reclamation work have risen by a factor of 10-15. Thus, many farms are refusing to pay for or carry out these types of work.

4. The volume of logistical support for the rural areas has declined and technical equipping in behalf of the spring field work is lower by 15-18 percent than the level for last year, owing to non-deliveries of considerable quantities of new equipment and spare parts. Many regions are experiencing large shortages in the fuel and lubricating materials needed for the spring sowing campaign.

5. The problem of supplying capital construction with the needed logistical resources is quite critical. The gasification program, for example, called for a twofold increase in the extent of gas networks to be installed in the rural areas. However, the logistical resources being allocated are considerably lower than the 1991 level: rolled metal, for example, only 50-60 percent of the requirement.

6. The construction organizations are finding themselves very bad off financially. There are no funds for wages or for acquiring construction materials. All of these factors may serve to reduce them to bankruptcy in the near future.

7. The level for the drawing up of agreements is quite low. As of 2 January 1992, owing to the high cost of construction and the absence of the funds needed, contractual agreements for capital construction were concluded only at the 16 percent level, or lower by a factor of four than that for the same period last year.

8. In connection with the liberalization of prices, the Russian Ministry of Economics and Finances forecasts use of the internal capital of sovkhozes and kolkhozes for improving the rural areas, with an increase of 13 billion rubles by 1991. This is unrealistic however, owing to the erroneous computations of the profitability from agricultural output.

In evaluating the existing situation for this year, the following actions must be taken by way of an exception:

1. Introduce equivalent price control for agricultural and industrial products and increase budgetary financing.

2. Abolish the tax on added value for dairy and meat products, baked goods and for a number of other food items and goods of primary need.

3. Limit the maximum norm for the profitability level for trade, enterprises of the meat and dairy industry and producers of agricultural goods.

4. In the interest of preserving and raising soil fertility, 50 percent of the expenditures for carrying out soil improvement work and for procuring and applying peat will be met using budgetary funds (land tax) being received from non-agricultural enterprises.

5. Allocate logistical resources no lower than the level for 1991, resolve the seed delivery problems for farmers from the state resources and the resowing of winter crops in the volume of 200,000-250,000 tons in accordance with the actual purchase price for 1991, 50,000 tons of metal for the production of spare parts for agricultural equipment, 150,000-160,000 tons of aviation gasoline for tending the crops and, additionally during the 1st quarter—800,000-850,000 tons of mixed feed.

A review by the deputy chairman of the government, Comrade E.T. Gaydar, of the problems concerned with budgetary and logistical support for the APK and farmer holdings during the current year produced practically no results and thus these problems are still awaiting attention.

The existing situation prompts us once again to turn personally to you, dear Boris Nikolayevich, with an urgent

request for additional review of the questions raised, in the interest of carrying out the decree of the 2d (special) Congress of People's Deputies of the RSFSR "Program for Revival of the Russian Countryside and Development of the Agro-industrial Complex.

A computation of the financial resources required for achieving the planned programs for developing the agro-industrial complex of the Russian Federation is enclosed.

In behalf of a group of deputy-agrarians and members of the Supreme Soviet of the Russian Federation.

Committee chairman V.A. Agafonov and chairman of the Agrarian Union deputy group M.I. Lapshin.

**From a report by Minister of Agriculture V.N. Khlystun, during an 8 March 1992 meeting of the Supreme Soviet of the Russian Federation.**

The land reform started in 1991 created the basis for changes throughout the entire system of social relationships in the agrarian sector of the economy. The principal result of the first stage of the reform was an understanding regarding the advisability of change and the desire on the part of hundreds of thousands of peasants to convert over to reasonable and efficient forms of land management. A sector of private and associated agricultural producers of goods appeared in Russia and is expanding in an active manner. More than 15 million families have obtained tracts of land for gardening and horticulture and just as many peasants have expanded their private plots.

However, it became obvious during the first stage of the reform that a mere redistribution of land or a simple allotment of land tracts for use as farmer holdings would not serve to extricate agriculture from the crisis situation in which it found itself.

In the absence of a change in attitudes towards ownership within agricultural enterprises, without the creation of an economic technological infrastructure for ensuring the functioning of the various managerial forms and in the absence of state support for the rural producers of goods, the situation in the agrarian sphere not only would not improve but, to the contrary, it would become catastrophic for the increasing number of farmer holdings, for the various associations and for the earlier managerial forms.

In this regard, the president and the government adopted a package of documents in December 1991 and January 1992 which defined the need for converting over from land reform to a more extensive agrarian reform. These documents defined the substance and mechanism for implementing agrarian changes in Russia.

The following were defined as the principal trends of the agrarian reform: accelerated land reforms, reorganization of the administrative structure of the agro-industrial complex, a change in the system for procuring agricultural products, the conversion of kolkhozes and sovkhozes into agricultural enterprises with collective-share and joint-stock forms of ownership, the privatization of processing, motor vehicle servicing and other enterprises engaged in agriculture, the development of a market economic and

technological infrastructure and the creation of a system of state support for agricultural producers of goods.

With regard to the packet of adopted documents, the governmental decree on reorganization of the kolkhozes and sovkhozes aroused the greatest criticism. Moreover, the government was informed that this was enforced de-collectivization and forcible pressure upon the peasants.

But let us understand more thoroughly the substance of these documents and particularly the matter at hand.

Throughout 1991, we received a tremendous number of queries: what is a joint-stock company? Exactly what is a cooperative enterprise with a share form of ownership? What is a farmer holding and what is its status? Thus we have in mind first of all, during the first stage and over a period of three months, the need for providing the collectives, each agricultural producer and each rural owner with information and an answer to the question "what are the various forms of management available?" and to extend the right to hand down a decision to each collective on the whole and to each individual personally, such that the latter will not simply vote at a meeting, but rather write out an appropriate statement and select that form which is most acceptable to him.

Perhaps the most serious question is that concerning unprofitable farms. But here a sensible approach must be employed, since last year many kolkhozes and sovkhozes operated at a loss through no fault of their own, but simply because the state did not compensate them for the difference between the prices for agricultural and industrial products, for the expenses incurred for developing the social sphere in the rural areas, for the repayment of debts associated with natural calamities and so forth. Thus we have in mind here only those farms which forfeited their potential and are unable to utilize efficiently either their land or means of production. It is obvious that a need exists here for more severe changes.

The process of carrying out the agrarian reform has begun. Here are some results of an analysis which we conducted covering 57 territories. As of 20 February, meetings had been held at 6,900 farms (of the 14,500 farms found on these territories). Decisions were handed down regarding the creation of 607 associations of peasant farms, 2,200 kolkhozes and sovkhozes were converted into joint-stock companies and 11 percent of the farms adopted a decision calling for retention of the earlier form of management—kolkhozes and sovkhozes.

On the whole, there was a considerable increase in the number of farm holdings on Russian territory: 50,000 were created throughout all of 1991. During two months of this year—20,800 were created.

The reform processes are going forward at various rates. According to our estimates, the reforms are being carried out slowly in Bryansk, Ryazansk, Vladimir, Ivanovo and Kostroma oblasts, in Krasnoyarsk Kray and in a majority of the Russian Federation republics.



Unfortunately, clear distortions which can bring forth extremely negative consequences are being observed during the reform process. For example, on one farm in Orenburg Oblast the reorganization began not with a sensible definition of the mechanism for a flexible transition over to the new managerial form, but rather with a distribution of livestock among the farms. As a result, one third of the animals were slaughtered. This example played into the hands of those who oppose the reform, individuals who describe it as the typical result of reform, although in essence it is not a reform but rather a crude distortion of it.

However, such examples are few in number. But there are other extremes: reform on the order of a change in the sign, with no profound change in the attitudes toward ownership. We state in this regard that there is no need to change the sign. It is your right to leave everything just as it is. But since a decision has been made to convert over to another managerial form, then reforms must be carried out which will ensure this conversion. Nobody needs a change in the sign.

Resistance to the process of developing the farmer movement has declined sharply and yet it is continuing. Under various pretexts, an examination of the applications for land allocations is being dragged out, obstacles often stand in the way and there is a lack of activity with regard to keeping the farmers supplied with seed, fuel and lubricating materials and fertilizer. Machine rental points are still being created only slowly in a majority of the republics, oblasts and krais. And it will be extremely difficult for us to proceed without these materials given today's conditions. The size of the land share is being artificially understated in some rayons, including that for shareholder workers of rayon agricultural administrations, Selkhozkhimiya, Agrosnab and so forth.

It should be borne in mind that reorganization of the agro-industrial complex is a complicated and many-sided process and one which touches upon a broad range of problems. It would be a great mistake to think that the agrarian reform can be carried out over a period of just several months. This is not only a change in the attitudes towards ownership, but it also involves structural changes in the system for producing, storing, processing and selling products, development of the engineering infrastructure, capital replacement and many others.

In our opinion, the minimum period for the reform is not less than four years. In the process, three principal stages of the reform can be singled out.

During the first stage, in 1992-1993, there will be a need for carrying out the privatization of land, eliminating bankrupt farms, converting agricultural enterprises into market structures and, on this basis, creating a private agrarian sector consisting of average, small and large-scale agrarian private business activities. There will be a need for developing a sector of commercial systems for services.

During the second stage, structural changes will have to be carried out in the APK. Today the areas under crops and the production structures on the whole do not conform to society's requirements or to the resource potential.

During the third stage, we must develop fully the mechanism for market relationships, ensure a flow of investments both within and by means of foreign investors and we must increase sharply the production volumes for agricultural products.

Success in carrying out the agrarian reform depends to a large degree upon the economic situation prevailing in agriculture. Unfortunately, the reform began under conditions involving the development of extremely negative trends. In 1990-1991, we observed a sharp decline in the production volumes for agricultural products, a reduction in the numbers of livestock, a slump in livestock productivity and the collapse of economic relationships. All of these trends have progressively become worse during the early part of 1992.

An especially difficult situation is developing with regard to supplying concentrated feed for livestock husbandry operations. The shortfall in the grain harvest in a volume of more than 20 million tons and difficulties encountered in importing grain produced a situation in which only 3.6 million tons of concentrated feed were allocated from the state resources during the 1st quarter, despite a requirement for more than 6 million tons. The poultry factories and hog breeding complexes find themselves in an especially grave situation. Many complexes are on the verge of being abolished and even the organized slaughtering of livestock appears to be impossible—the capabilities of the meat processing combines will not permit it.

The deliveries of agricultural machinery, equipment and construction materials to rural areas have declined sharply. Liberalization during the first stage brought about a sharp disparity in the prices for agricultural and industrial products. With the purchase prices for the principal types of agricultural products increasing by a factor of 5-7, the prices for industrial goods for agriculture increased by a factor of 15-25 and for certain types—as much as 40-50.

Computations reveal that with an increase in the value of agricultural products sold, for a year on the whole and at January prices, to 230-250 billion rubles, the additional expenditures for production will amount to 520-550 billion rubles. In such a situation, all producers of goods—even farmers and collective farms, naturally, would not be able to survive.

The consumer demand for products has declined. Trade does not need considerable volumes of goods, it is unable to settle accounts with the processing workers and producers and this is destroying the economies of even the strongest farms.

Deliveries of logistical resources to the rural areas have declined sharply. Last year, the deliveries of tractors and grain combines were short by 50,000 and 4,000 units respectively. This list could be continued. During two months of this year, the amount of rolled metal obtained was only eight percent of the norm. As of today, we have succeeded in concluding agreements for materiel and equipment deliveries with only 35 percent of the supplier-plants.

In the interest of reducing the severity of the economic situation that has developed in agriculture, the president and government are undertaking a number of measures. In principle, a decision has been handed down (and here we are relying upon support from the Supreme Soviet) with regard to increasing the volumes of budgetary financing for the agro-industrial complex. Originally, the plans called for 10 billion rubles worth of investments to be allocated for a year. At the present time, an agreement has been reached to increase this amount to 20 billion.

The ukase of the president "Urgent Measures for Preparing for the Spring Sowing Campaign and for Harvesting the Crops" and the governmental decree "Development of the Agrarian Reform" called for the allocation of credit resources, on a priority basis, with the funds to be made available on a favorable basis at 8-11 percent interest, the introduction of a mortgage form for the purchase of agricultural products, payment to the agricultural producers of the state's obligations for 1991 over the course of the first six months and the delivery to peasants, prior to the start of field operations, of 400,000 tires and 399,000 tons of motor vehicle gasoline.

Provision was also made for ensuring the issuing of loans regardless of the accounts outstanding for credits issued earlier. The task was assigned of defining on a monthly basis the sources for providing compensation to the users of land for all expenditures associated with lime, phosphorite and gypsum applications and for procuring and applying peat. It bears mentioning that this is a serious problem for the rural areas, in view of the fact that in recent years a catastrophic decline in soil fertility has been observed. And if it is not halted with the aid of state support, this situation will only become worse.

**From a Supplementary Report by I.A. Altukhov During an 8 March 1992 Meeting of the Supreme Soviet of the Russian Federation.**

At the present time, the agrarian reform must be viewed from three positions: legal support, financial and logistical support and practical implementation of agrarian legislation—presidential ukases and governmental decrees.

The super-surge of the population to the land in 1991 serves to confirm the fact that the 2d Congress of People's Deputies and the Supreme Soviet handed down the correct decision with regard to the need for agrarian reform in Russia.

The practice of employing the new agrarian legislation has revealed that it is in need of improvement. If we take into account the fact that the Supreme Soviet adopted a number of new laws and the president—a number of new ukases covering agrarian questions—then the need for examining the land legislation becomes obvious. It must be made to conform to the new legislative norms and to the positive experience accumulated in the reorganization of agriculture.

In the near future, the Supreme Soviet will be presented with plans for a revised land code and draft laws for changes and supplements to the law on land reform and

peasant (farmer) farms. A plan has been drawn up for preparing laws governing the further development of the agrarian reform.

In addition to state land utilization, the plans also call for private land ownership on the basis of individual, joint and common-share forms of citizen ownership and also for the creation of local land markets.

Recently a trend has been noted towards the adoption of legislative documents of executive authority by means of presidential ukases. Moreover, their preparation is not always being coordinated with the Supreme Soviet. By way of an illustration, allow me to cite the latest presidential ukase regarding the sale of tracts of land to citizens and legal entities, in connection with the privatization of state and municipal enterprises. Considerable discrepancies are being noted in implementing the agrarian reform in governmental structures. In my opinion, the Ministry of Agriculture has placed economic policy in the sphere of agrarian reform on a back burner.

The agrarian sector of the economy is beginning to be administered from other structures of executive authority and it is felt that the decision handed down by the 2d Congress of People's Deputies was a mistake for them. It is sufficient to state that state financial support for the agro-industrial complex has declined to 3.7 percent of the national income, instead of 15 percent in accordance with the 2d Congress. With the exception of the primitive division of land, nobody learned anything from the new agrarian policy developed during the 2d Congress.

This narrow-minded approach to agrarian policy by the second democratic government will produce nothing but harm. A need exists for a united agrarian policy and a united approach for implementing it.

Mistakes and contradictions in land attitudes are dangerous and thus they are unacceptable. A federal committee for agrarian reform should ideally be formed for coordinating the activities of a number of ministries and departments concerned with reorganization of the agro-industrial complex and also for preparing a program of legislative documents for implementing the agrarian reform.

In addition, the agrarian reform requires financial and logistical support. In the absence of such support, it may suffocate. It bears mentioning that we have 23 tractors for every 100 agricultural workers, and in the U.S.A.—180, or more by a factor of 7.8. In the case of trucks, we have 11 for every 100 workers, and in the U.S.A.—136, or more by a factor of 12.3.

In the former USSR, we produced only 50 percent of the types of machines needed for agriculture. Following the collapse of the union, 50 percent of the production potential of agricultural machine building remained in Russia. In other words, we are able to produce only one fourth of all of the agricultural machines required for agriculture. The disruption in economic relationships caused by the formation of the CIS has led to a further and sharp decline in production.

Of the 43 organizations engaged in developing equipment for the mechanization of field crop husbandry operations, only 20 remain in Russia. Meanwhile, the conversion of Russian agriculture over to the new forms of production organization requires definite structural improvements in the list of agricultural machines and tractors. The prevailing situation underscores the fact that we need a law on the development of machine building for the agro-industrial complex. A state program for the development of agricultural machine building is needed.

Business-like activity at enterprises of the agro-industrial complex is at an intolerably low level owing to an absence of money.

Governmental policies have blocked the movement of goods from the producers to the consumers. As a result, the income portion of the budget is being replenished only slowly.

A need exists within the Supreme Soviet for discussing the governmental policies as a matter of principle. They are still disrupting the national economy. For not having rejected the idea of a market and balanced budget, they must be corrected and oriented towards improving business-like activities in the production sphere.

Additional decisions concerned with developing the agrarian reform must be handed down under difficult economic conditions. Moreover, this year the terms "agrarian reform" and "spring sowing" have become synonymous.

The draft decree made available to the deputies proposes to turn over to the agro-industrial complex only the minimum amounts needed. I would like to direct attention to two points. One of them proposes that favorable credits be extended to agricultural enterprises, with the 1992 harvest as security, for the purpose of acquiring logistical resources. This is a new development in the practice of issuing credits to agriculture. In the other point, the proposal is made to issue a subsidy for acquiring fuel for the carrying out of agricultural work. I would like to note in this regard that this measure is being employed constantly in other countries with developed market economies. In the United States, for example, in the case of fuel that is used for field operations, the tax on added value is returned to the farmers.

And the last consideration. An information vacuum exists in the rural areas. A need exists for enlisting the aid of the mass media and scientific-teaching personnel for explaining the substance of the agrarian laws, presidential ukases and governmental decrees.

Extensive and skilled teaching and also the retraining of personnel constitute an important component of the agrarian reform.

### **From the Decree of the Supreme Soviet of the Russian Federation "On the Course of the Agrarian Reform in the Russian Federation"**

For the purpose of further developing the agrarian reform and stabilizing the economic situation in the agro-industrial complex, the Supreme Soviet of the Russian Federation decrees:

1. To task the commission of the chambers and the committees of the Supreme Soviet of the Russian Federation with accelerating the development of new and the correcting of existing legislative documents associated with the carrying out of the agrarian reform.
2. In the interest of overcoming the disparity in prices, the State Committee for Anti-monopolistic Policies and Support for the New Economic Structures of the Russian Federation must ensure control over the prices for the output of industrial enterprises—monopolists who carry out the deliveries of means of production to agriculture.
3. The president of the Russian Federation should task the government of the Russian Federation with presenting the Supreme Soviet of the Russian Federation, prior to 20 April, with a draft program for the agrarian reform during the 1992-1995 period.

12 March 1992.

Will the government finally listen to these appeals for assistance? In the daily and uninterrupted campaign for its political survival, will it make time available for reworking the conceptual outline of the agrarian reform of the 2d Congress of People's Deputies into an extensive and well organized program in all of its sections and details?

All workers attached to the agro-industrial complex await with impatience the response to this question.

### **Agrarian Reform in Volgograd, Tselinograd**

924A1119B Moscow SELSKAYA ZHIZN in Russian  
8 May 92 p 3

[Article by SELSKAYA ZHIZN special correspondent V. Savelyev: "Land and Free Will: What Kind of Agricultural Reform Will There Be?"]

[Text]

### **The Iskhakovs and Derzhiyev. But What About the Others?**

The land of the Volgograd "Dinamo" Sovkhoz may be considered an example of the multilevel agricultural economy which many of us are fighting for now. It is in Nekayevskiy Rayon. A couple of years ago the Derzhiyev farm was organized there on 120 hectares. Then there was a farmers association consisting of five independent owners who took 1,670 hectares not far from the abandoned farmstead of Svetlyye Prudy.

There have been various approaches to organize the work. Derzhiyev has his own sponsor—the Moscow "Lad" consortium, which provided a bank guarantee and promises help in return for the delivery of produce. The relationships are turning out to be viable. Operation in the manner

of the old association for joint cultivation (TOZ) is making it possible for the Nekhayevskiy Rayon farmers to make efficient use of large equipment (three K-701's, a Don-1500, and a grain threshing floor) and to disperse various crops among the fields to their advantage.

"Each person has his own account in the bank and the deed to his personal plot," said TOZ members V. Vasilyev and K. Rodionov. "We agreed right away that a member can leave the association if necessary, but only after the harvest. It is not hard to divide it up, because the land has been measured off and the equipment is assigned in accordance with shares."

The farmers association has a distinctive system for distributing the capital. There is a total credit of 500,000 rubles [R]. Earnings are used to cover the bank interest and expenses for fuel and the equipment that is acquired. The remainder is divided among the five owners in accordance with the days worked, and each accounts for his own capital. If they become rich—they can set themselves up separately and build their own estate, but they are not rejecting the alternative of a farmstead, either. They may club together again to raise livestock. As they decide for themselves. They can be thwarted only by their wives. And the sovkhos is not raising any objection when it receives its interest from the association for the services provided to the farmers.

There is a similar farm, with minor differences, in Tselinogradskiy Rayon, Northern Kazakhstan. It is worked by the Iskhakov brothers and their families. After acquiring roughly 1,000 hectares, the brothers were immediately separated from the the "Krasnyy Flag" Sovkhos. In addition to cultivation, they acquired a dairy herd and are fattening cattle to cover their current expenses. They now own everything: the equipment, seeds, and the finances. In time they expect to build a separate settlement for themselves in the middle of their land.

Clearly, because this was one of the first farms in Tselinograd Oblast, it was the focus of a great deal of attention. But now the Iskhakovs are operating at their own risk. Without sponsors. Internal relationships are supported by family ties, but each family's contribution is taken into account financially. The brothers quickly became firmly established in the grain trade, and it became possible to shift livestock raising from an auxiliary sector to one equal with cultivation.

There are several farmers in the virgin lands region who are similar in some respects to those of the "Dinamo" TOZ. They worked before in leasing units or intensive labor collectives. But experience shows that such formations have poor stability, and the people wanted to work independently, as on the Volga. As an example, several families recently agreed to open up the ruined and "unpromising" Apollonovka near Tselinograd. It was not easy for them, because it is quite difficult to find sponsors for each farmer with the widespread high prices and inflation and the instability of partnership relations now. They have to act in accordance with the principle of sink or swim.

To be more precise: the farms take a few different forms in both oblasts. An individual farmer, a farmer with a sponsor, a family farm, and an association with private capital and the right to leave, perhaps, and everything. In conformity with the system, relationships are organized with a sovkhos or kolkhoz located nearby. For the services which they cannot manage without, the farmers settle accounts with produce, and less frequently with money. The harvest, meat, and milk are sold in accordance with contracts. And the principal share is received by the sovkhoses and kolkhozes, because most of the farms cannot deliver their produce directly at present.

What do they think of this? Directors and chairmen consider this an appropriate procedure which compensates for the removal of lands from common farming areas, as well as for help to individual farmers, and for social amenities (hospitals, roads, schools, and the like). Some of the farmers consider this unfair, because the sovkhoses and kolkhozes receive the produce at state prices, whereas on the side or in the exchange they could "play" for higher stakes.

It might also be interesting to compare the importance of the farms with the sovkhoses and kolkhozes. What are the prospects for their "cohabitation?" On the banks of the Volga, let us say?

Volograd Oblast, which led Russia in the development of individual farms in 1991, has more than 2.5 million hectares of winter and spring wheat crops. The farmers have less than 40,000 hectares of such crops. Let us assume that after B. Yeltsin's decrees to provide incentive, another million hectares will be found for those who want them. This will lead to two problems right away. How are these lands to differ from the old infrastructure? The second problem contains a question as well: will we be able to expect at least the grain yield achieved previously from the million hectares that go into the private sector? The return is not so small now when sovkhoses and kolkhozes in the oblast have learned to apply their tested technology of dry farming. I think the answers will be far from affirmative ones.

Hence the conclusion that mass privatization of the land requires caution. It is desirable when the land is divided into small plots, where a family can be managed basically with its own manual labor and primitive machinery. It would do no harm to accumulate financial and physical resources for the large and medium-sized "landed estates." So that the peasant is not put one on one with an empty field, but given money through a land bank and given machinery suitable for the farm's conditions, cement, breeding stock, and everything needed down to the smallest details through the market that has been built up!

He should not be given anything that is detrimental to the sovkhoses and kolkhozes and by removing their resources, but by adding to them. Especially, especially for farming. They believe in both the virgin lands and Volga regions that equipping the peasant farms by selling off the lands of



the bankrupt sovkhozes and kolkhozes in accordance with B. Yeltsin's last decree is not a very good way out of a distressing situation.

### A Stiff Mix

People evidently missed property so much that it is hard for them to part with it. The axe of the state order has not been over the heads of the free-willed tillers of the soil, and they can play with prices. Before the harvest in Kazakhstan, they proceeded to double their increase, but even R1,000 per metric ton of the strong variety of wheat did not suit the farmer. In September, in Astrakhanskiy Rayon, Tselinograd Oblast, I met exchange traders from the Urals who were offering R2,500. I asked Viktor Kom, director of the local sovkhoz, if he was missing the chance to put his finances in order. The director did not accept the irony: don't you get on my nerves, he said...

No, a sovkhoz or kolkhoz cannot choose its prices. First turn it over for the state order, and later... "Later" in the fall, very little was received by anyone. Alma-Ata was only frowning, but the whole republic was barely scraping together the flour and everything else it needed. That is why the exchange traders were looking for the farmers' fields. And that is why so little grain from the individual peasant was poured into the state's granary.

All the same, we should not rush to make accusations and be irresponsible. The grain is not rotting in pits now as in the unforgettable 1930's. Individual peasants in the age of perestroika, in conformity with the propaganda on the rebirth of market relationships, are trying to sell their grain for the maximum possible profit. But what about those who teach children in the cities or because of their age cannot mine coal or tend camels?

And this is the contradiction, that what is good for the farmer is hard for everyone else. After all, if he sells grain at R2,500, as in the fall, or at R7,000, as it was in April, how much will the exchange sell us? In addition, the interest will rise (they also have to live) and the prices of millers, and bakers, and salespeople will increase. And just how much will a loaf of bread cost at the store? A lot. More than it costs now.

One more conclusion that we ought to be a little more careful in abolishing the sovkhozes and kolkhozes. Yes, their hands are tied by the state orders and the fixed purchasing prices, which is very bad, undemocratic, and not in accordance with the market. However, the independently employed agitators for sovkhoz liquidation forget for some reason that it cannot be otherwise today. After all, we have only one horse that can pull the food wagon. If we put this harness on the farmers, they will begin wheezing and falling like a young mare that has not been broken. If the farmer is prepared to feed the people, he will have loaves of bread at R50, beef at R100 for 4 kilos, and a pig's tail for 25 kopecks once a week.

Under these conditions, name me a politician who would agree to govern without close supervision of the traffic in grain. As an example, Kazakhstan requires 7 million

metric tons only for emergency needs. Indeed, N. Nazarbayev would give up his life to get these millions! Because he, like other responsible leaders, is quite familiar with the fate of the former empire's Provisional Government. By October it collapsed before the masses' slogan of "Bread!" I daresay the people did not care in principle who would actually fulfil this slogan—Nicholas II or Kerenskiy. The bolsheviks promised, and the people believed them.

So what should the authorities do now, let the free-willed tillers of the soil from Brest to Nakhodka become managers? When there are no tempting goods or even money for exchange. After all, you cannot order a person with free will (according to the concept), because he should act in accordance with the laws of free enterprise (in the dream of the "marketeers").

Freedom for tillers of the land under our conditions involuntarily gravitates from suppression to an unimpeded existence. And a sensible state cannot relinquish the process of carefully checked regulation. How much land should be given, as an example? The Volgograd and Tselinograd authorities require that those who wish to acquire it provide evidence that they are really working for the public benefit and respect the farmer's interests as well. But there is economic expediency in addition to their interests. How profitable will it be?

When I visited the northern part of Volgograd Oblast, I was interested to learn what the prosperous cossacks were eating 150 years ago here, where the Nekhayevskiy and Uryupinskiy farms of today are located. Perhaps the experience of their ancestors would be of value. Here are some excerpts from the register of sowing and harvests for 1834 in the cossack stanitsas on the Don. There were 3.4 to 4.2 metric tons of wheat per capita then. And they poured plenty of raw grain in the troughs for the livestock and were not too lazy to sweat a little during the summer to cut hay and thresh oat grass as well. The cossacks gave five or six times more edible grain than any foodstuff norms. But the roads were not paved with this grain—everything was poured through the military supplies into the sovereign's granaries. They absolutely did not depend on the good intentions of the atamans.

In today's land code, there is no clear-cut procedure that has been perfected in practice, with few exceptions. This is the reason for the diversity. One-third of the Volgograd farms have plots of more than 100 hectares. And those in Tselinograd are even larger. Incidentally, Prince Shakhovskoy, a minister in the Provisional Government described by the commissars as a malicious landowner, held 367 desyatinas—532 hectares. The specific nature of economic operations are different from 150 years ago. Only one-fourth of the Volgograd individual farmers, who have held almost 100,000 hectares since the fall, have planted grain crops. The remainder are devoted to oil-bearing and fodder crops and potatoes. Why shouldn't the authorities scrutinize this?

An attempt to provide special organization for a strategic endeavor often comes down to criticism of a monopoly hated by everyone. The slogans of politicians who have

broken with reality—"Land for all who want it!"—fly like resinous sticks onto this bonfire of opinions. But even in the illusory market, where there is plenty of everything for the farmer, a foundry worker cannot fall asleep on the fifth story—and wake up on a farm as a meticulous cossack. When there is sensible discussion, any authority should not give cause for such superficial daydreams. If the matter is approached seriously, conditions are needed in order to shape the consciousness of a true peasant for a first-generation city dweller or a rural native who has become estranged from property. But except for a passionate desire, we do not have them on the scale referred to by the decrees and the propaganda pieces of different newspaper journalists. So we cannot do without a monopoly by authorities with common sense.

### 'Tsarist' Business

And all kinds of labels are encountered by those persons who consider it premature and dangerous to abolish the sovkhozes and kolkhozes and eliminate the central ties and management within the APK [agroindustrial complex], and much of the experience that has been accumulated! Here are the easiest ones. Conservatives, inasmuch as they oppose free will in arable farming. Persons who are not very bright, who are incapable of analyzing the history of Russian farming and understanding its fascination. After all, they were greasing their wheels with butter in Siberia while Europe was up to its knees in the inexpensive wheat of the Russian emperor, who was concerned with truly tsarist matters. It did not enter his head to sign manifestos such as "Livestock raising is the shock front," they say. One who supports the sovkhozes is a disgracefully red Naguinov, because he is against the peasant as such and for Soviet bondage on land which belongs to no one. And so forth. The rural resident listens and wonders when the frost will appear on this nettle of words.

Free will in arable farming may have existed in the Lykovs' potato patch in the well-known "Tayezhnyy tupik" [Cul-de-sac in the Taiga]. And the old man probably cracked the whip in the family: when they must plant, and how many turnips and how much barley should be laid in for the winter... They planted and laid them in, because there was an even sterner taskmaster behind the old man—hunger. The tsar-emperors were no better than old man Lykov. One of the favorites of some of the Soviet people who live on the banks of the Neva expressed it very briefly: one-quarter of the rye in Moscow Province costs more than a ruble, and there will be no grain sent to other countries. It is clear why, is it not? If the price is high, it means that there was a poor harvest, and they need it themselves. Catherine II first ordered reserve supply stores to be set up in all cities and later in all "economic villages." They kept a year's supply of grain there, and every year it was fresh. And stores were set up in all the maritime ports where they put one-fifth of each consignment of grain produced for other countries.

Where are the freemen here? The prices are controlled. The volumes are also controlled in the form of imperial orders. And all this together was called a grain monopoly, without which any state looks strange. Many of our literary

works have mentioned the dominant, decisive, and certainly historic roles of the proletariat. Although if we follow the sources that are not so ancient, peace and order was always maintained in Russia in relationships between the tsar and the peasant, collectively speaking. That is to say, the ruler and the one providing the food. Everything else is either on one side or between them.

The measures and approaches used to implement this monopoly so essential for the Motherland are another matter. At the very least, the emperors were on good terms with the merchant class, viewing it as one of the pillars of the state. And the merchants, especially those esteemed as wholesale traders, tried to keep on an equal footing with the peasant. They took complete possession of the grain. At a fair price, it should be emphasized, which meant a special parity in return, without delays and in the order needed, in deliveries of fabrics, plows, and samovars. When all this exists on both sides, when everything is done fairly, why can't this monopoly be tolerated? No matter whether it is tsarist, imperial, or Soviet rule, the rural areas have no objection if they are well off and still wanted.

To continue the discussion, it does no harm to return to the history of the Soviet period when we look at its origins. There, between the lines, is the question: "How do we take the grain from the peasant?" This was the way it turned out. When the proletariat left the plants to take the Winter Palace and pursue Denikin, their machine tools remained idle. The peasant, who returned to his plow after the Civil War, had worn out all his clothes, since leather pants and a short coat were not his uniform. And when the factories asked for grain, the peasants, who had not broken their habits under the old regime, responded by asking for printed cotton. To accusations of their lack of class consciousness, they responded in their ignorance: [we have been reduced] to nothing and we have nothing.

The grain monopoly, now a Soviet one, began to be maintained by nothing but decrees. The food had to be taken with rifles, the only thing the attacking class had. The dictatorship, admitted its leaders, was a drastic step, but it turned out to be a temporary one. Until the complete triumph of socialism. Alas, we already know that the dictatorial monopoly was replaced by the administrative-command monopoly, essentially without any change in the relationship with the peasant, no matter where he worked—in a sovkhoz or a kolkhoz. If something has been grown, turn it over!

Fear, as if it were a seizure lasting for nearly 75 years, is thinning the blood of today's individual peasants during the age of perestroika as well. Because most of them are crafty and act more like speculators, chucking out unexpected goods, even those paid for with their own calluses, to the first person they meet who offers a price higher than the sovkhoz price. It is all right to harass a farmer while he is alone in a region. But what if he has many comrades and they take over the entire region? Will they be in any hurry to sell when there is an empty industrial market?

The situation in the 1920's and 1930's is being repeated. The ghosts of it appear in the former worker-peasant

relationship. Democratic and sovereign entities are sure to claim a monopoly. But how do they back it up? Possibly by parity in prices, industrial goods, and resources put on the rural market. This is the path which suits all civilized societies. It is possible to depend on the "bayonets" of the prices and volumes set for the products of the countryside, which are quite remote from the parity and methods of selling industrial commodities. For the present, the governments are showing that this is "our" path. Once again there is no printed cloth and "karasin" [derivation unknown] for the peasant, once again he is becoming nervous, and the local authorities and leaders are wondering how to "milk" the countryside more simply.

The lack of a firm line, a positive policy, is leading to the point that it may be more convenient to hold back the grain. Kazakhstan, as an example, raised the prices about four times as much in the fall, and at the beginning of the harvest it accepted grain from the sovkhozes at less than R1,000 per metric ton. Disgraceful, inasmuch as the rural areas have been clinging to the grain. But what will happen in August if they are not greedy and give the last price? The same. For the farmers, the kolkhozes, and the cooperatives. Perhaps the unpopular steps would become unnecessary and the grain needed would be laid in right away.

The "tsarist" business assumes not only fair confiscation of edible grain by the state. Another aspect of it, at least during the disgraceful instability, must be reasonable and zealous distribution of wheat. Let the sheepskin coats and computers be bought up, held back, and even ruined by moths and dampness later on. This is the personal affair of the post-Soviet merchants. We cannot trifle with grain this way. We already see how the convulsions of barter are leading to the point that when residents of Siberia receive the golden wheat from Kazakhstan in exchange for their lumber, they put it into the feeding troughs for their livestock in the most primitive manner. The gold from the fields of the Volga region often is eliminated just as effortlessly by the pigs in subsidiary enterprises of the various giants of industry, mines, and trusts.

This would not happen with a real state grain monopoly, not one based on decrees. The Kazakhstan and Volgograd wheat must be put on the table as light round loaves and turned into macaroni, baked goods, and fancy pastries. The livestock should be given barley, sorghum, corn, chickpeas and peas, and wheat only in an emergency, but with low gluten content. Hence one more thing is needed: to initiate a monopoly in the crop structures not by distributing them in just any way, but deliberately among the farmers, cooperatives, and other landowners. So that one upstart merchant does not treat the pigs to spring wheat while other people do not have enough for their own table.

Some people will say this is not tsarist business—counting and shuffling bags of grain. The market and the ruble are a little tidier than supervisory inspections, they say, and they will put things in order. Until they do, we will turn up our toes.

### Fuel, Energy Ministry Problems Viewed

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[Article by Anatoliy Sivak, General Director, "Varyeganneftegaz," Raduzhnyy, Tyumen Oblast, entitled "How Will the Power Pressure of Mintopenergo End?"]

[Text] In analysing the course of economic reform, it is essential to examine especially the situation in the energy sector of the country. Right now there is much talk about the impossibility of raising prices on oil. This, they say, would lead to a crash and a social explosion. That may be true, but if prices on oil are not raised to the level of profitability in the near future (and in some gas production associations it already comes to 7.5 thousand rubles per metric ton), then in 1992 Russia will lose an additional 10 billion dollars, or 1.3 trillion rubles—money which is much needed by the government to carry out a number of reforms in all sectors of the economy, including the area of social policy.

The catastrophic consequences of price liberalization in energy resources is sharply overdrawn in the mass media by those who have never seriously studied this problem or who think primarily about their own interests, not about state interests. For the domestic economy of Russia, an increase in prices will mean in the short term only a change in the price structure, not a loss of additional material resources in relations with other countries, as took place in the oil-importing countries during the jumps in world energy prices in the 70's and 80's.

The dissatisfaction with the energy policy of the present government shows up especially strikingly on both levels—economic and organizational-administrative.

On the economic level it is first and foremost a problem of prices and taxes. That prices on energy resources were not set free together with prices on other goods and services by now seems an obvious mistake—our "far-sighted" government repeated exactly the mistake of Ryzhkov and Abalkin and the Polish reformers. As a result, in the last 12 months prices on goods and services made available to the energy complex grew approximately 50-fold, while the prices on oil grew only five-fold, and that was on paper. If you consider that the sector's enterprises were deprived of subsidies, then in reality nominal prices grew only one and a half times. As a result the ratio of prices on energy resources to other goods and services grew many times worse, and a liter of soda water is 100 times more expensive than a liter of oil—a thing unseen in world experience!

At the same time the industry must pay 32 percent tax on profit, 28 percent tax on added value, an export tax of approximately 30 percent, plus payments for the use of mineral resources. The production of not only oil but also of other major energy resources is unprofitable at the present time and there can be no stabilization of production levels in these conditions.

Government policy in organizational and administrative terms is not less ruinous than in economic terms.



The energy complex of the country is the biggest industrial complex in the world. Suffice it to say that the Yamalo-Nenets National Okrug alone produces more natural gas than all the United States. Millions of peoples and thousands of enterprises, with tens of thousands of related enterprises, work in the sector. The number of problems arising in the complex is such that for effective state management even in a well-adjusted market system a considerable staff is needed. A striking example of this is the U. S. Department of Energy, where many thousands of highly qualified specialists work.

The Russian economy is in a transition stage, where all of the ties which existed earlier have been broken, the resource base is depleted, not all enterprises are ready for full independence, and a credit and financial system has not yet been formed. In such conditions there is a need for wider government intervention, and such intervention remains in an even wider range of issues than is necessary, in our view. Nevertheless, instead of following a course of gradual limitation of the sector ministries' functions and a gradual conversion of them into associations of sector enterprises, which exist in all countries, our radicals created a monster in the form of Mintopenergo [Ministry of Fuel and Energy]. Given the fact that the functions and range of problems with which this ministry must deal is extremely wide, Mintopenergo does not measure up to the tasks set before it—not in number of staff, nor in quality, nor in the qualifications, with rare exceptions, of the specialists which fill the management posts there. One can hardly accuse the ministry's workers of a lack of zeal. But the fact that Minister V. Lopukhin spends the night in his office, and his deputies hold useless conferences until midnight, more likely says that the ministry has bogged down completely in solving these tasks, than it says about its effective operations.

The unconsidered, inconsistent, and often contradictory decisions reached by Mintopenergo testify to not only the loss management control of the energy complex, but to a lack of understanding of the situation in energy industries and a lack of understanding of their own tasks.

As a result, the resolution of truly urgent problems, as for example the achievement of organizational perestroika in the industry, is being delayed in every way possible. Instead of adopting a program and assisting with the privatization of the oil production associations and their conversion into joint stock companies with an initial government share in stock capital, Minister Lopukhin, not understanding clearly the significance of the oil production associations' organizational structure, is himself promoting the breakup of these territorially organized structures. In this regard a good help to him is the law passed by the Supreme Council of the Russian Federation "On Enterprises and Entrepreneurial Activity." Thanks to its help the financially more successful enterprises left the ranks of the oil production associations of Komi, Tomsk, Perm, Nizhnevartovsk, and Varyegan, although in the oil industry the world over the territorial principle of organization is absolutely dominant and has fully proven itself.

And all this is happening without the agreement of the associations' managers and labor collectives, which are members of the associations and have equal rights to ownership of that part of state property, which with the help of the minister is diverting to its own use that which belongs to others.

Soon it will already have been a year that we've been trying to reorganize the production association "Varyeganneftegaz" into a joint stock holding company with a majority share of government capital. We started to work on this as far back as I. Silayev's government. Many variants have been tried (in which many scientists and specialists participated), but the last one has been sitting without movement in Mintopenergo for a month now, and no one intends to study it. They told us: wait a few more weeks. But the situation in the associations, and not only "Varyeganneftegaz," is such that it is now impossible to wait any longer. In fact an uncontrollable process of disintegration has begun in the associations, with all its negative consequences.

The situation in attracting Western investors is analogous. Our association created Russia's first joint enterprise for oil production—the well-known "Belye Nochi." The basic concept of the joint venture—additional recovery of oil above the state established plan using Western technologies—is highly attractive.

Right now the venture gives the government many additional thousands of metric tons of oil. The first real participation of a Western partner in oil production helped attract other partners to the industry. It has become one of a few, if not the only one in the industry, where the level of production is growing. Not one commission could find anything criminal in the activity of "Belye Nochi." But Minister Lopukhin and his advisor V. Filanovskiy, whose help, by the way, began the collapse of the oil complex and its best personnel in Tyumen Oblast, don't like those who stick out, take the initiative upon themselves, and try somehow to find a way out the the prolonged crisis. Naturally such an attitude hardly helps the improvement of the investment climate from the point of view of Western companies. And that means that they will demand profitability even higher than the planned standard and more guarantees on concluding contracts.

The impression is being formed that our government, especially Mintopenergo, is not interested at all in converting energy into a financially successful sector of the economy, which could serve as a center of recovery for other related industries and consequently for the entire economy as a whole.

It seems that too large an influence in our government has been acquired by forces interested only in weakening the industry and putting it under the control of recently emerged commercial structures, whose leadership, in my opinion, is far less scrupulous than the present managers of the oil industry.

At the end of last year all associations received the assignment of concluding direct contracts with oil refineries. This we did. The newly created Mintopenergo and its



minister knew this well and demanded implementation. The contracts were for both delivery of oil and return delivery of resources. Suddenly at the end of February-beginning of March the ministry changed all our assigned deliveries of oil. No one explained anything. As a result the oil refineries and CIS representatives, implementing the decision of Mintopenergo, got completely mixed up and stopped paying the associations for the delivered oil. In January and February the associations were left without payment. In their turn they, in redrawing the contracts, drew up new licenses limiting the delivery of oil. As a result of this action, each association formed a file of unpaid accounts. From one to two billion rubles and more than 6 million metric tons of oil were not shipped. Mintopenergo did not rest content with that. In April, in a conference call, it announced that contract prices for oil would not exceed 2500 rubles. So contracts concluded earlier for shipment at higher prices have been suspended, and settlement at prices dictated by the ministry has begun with the associations. This is how oil industry workers are entering the market!

Last year a decision was made to terminate the legal force of licenses on the sale of oil, and suspend their registration. This was done in proper time and for the purpose of eliminating illegally obtained licenses. All this work has been assigned to Mintopenergo, which until now has been in charge of licenses. Not all commodity producers have obtained licenses yet, and each one has to be literally ripped out of Mintopenergo, while those who have nothing to do with oil are already offering the associations their services for the acquisition of oil with newly obtained licenses. What is this—mistakes, misconceptions? I think the reader himself will guess what this is called, and the main thing—for what purpose all this is being done.

Certainly, the clearance sale of both new and operating fields is not accidental. There are more than 20 such cases in Tyumen Oblast. There are also cases in Irkutsk, Tomsk, and other oblasts. They know about this in Mintopenergo, and they take no measures whatsoever. Apparently the unplanned development of the majority of the squandered fields and the removal of oil by hot-water heaters also have sufficient fat. So why interfere? Apparently they made the decision in Mintopenergo a long time ago that it was necessary to breakup the associations, and this is why their status has not yet been determined, and there is no move to transfer them to holding joint-stock companies. The fact of the matter is that it is easier to appropriate small, individual NGDY [oil and gas production administrations], to privatize them, to convert them into a private feeding trough.

In order to bring the desired result, Mintopenergo, or to be more exact, its minister, is impeding everything that is being created on joint stock principles, while anything which has already been created, for example the concern Gazprom, the corporation "Rosneftegaz," the joint venture "Belyy Nochi," are being destroyed by all methods available. Arm-twisting and power pressure of both individuals and whole collectives are being used.

In this situation it seems to me necessary to immediately take urgent measures to correct the situation in energy and especially in the oil industry.

It is necessary to disband Mintopenergo as soon as possible and go to the creation of joint stock holding companies with state-held controlling blocks of shares. Simultaneously carry out privatization in other industries, which will help preserve the integrity of territorial complexes in oil. At this stage they are a more effective organizational form.

Turn over the principal management functions of individual energy complexes to energy corporations of the "Rosneftegaz" type, companies, or voluntary associations of industry enterprises, but in so doing restrict their functions to coordinating of internal industry activity, management of material and equipment resources, and combined efforts to develop advanced technologies.

Release prices on energy resources, assuming a version of step-by-step release with establishment of subsidies ensuring sufficient profitability of oil production enterprises.

Abolish entirely such forms of state regulation as licenses, quotas, state orders, and fixed obligations of individual associations to deliver oil to individual NPZ [oil refineries] and individual regions.

Change the tax system in such a way that the payments of the industry (excluding royalties) are calculated only from final profits.

Abolish or sharply reduce the export tax on oil.

Remove all restrictions on the access of foreign investors to energy industries. Accelerate the development and passing of legislation which stipulates the operating conditions of the energy complex (mainly the Law on Mineral Resources, the Law on Concessions, and the Law on Oil and Gas).

Offer additional guarantees of the immutability of the legislative and tax environment for foreign and domestic investors.

Establish uniform rates controlled at the government level for transportation of energy resources (so that the transportation sectors in individual regions will not act as extortioners of the owners transporting the oil).

Return the money of foreign and domestic enterprises which was taken from the accounts of Vneshekonombank [Bank for Foreign Economic Activity], or grant the right of sale for SKV [freely convertible currency] of a quantity of oil or gas for equivalent debt.

These measures, it seems to me, can in a quite short period of time stop the slump in energy production and after one or two years exert a strong positive influence on the state of the whole economy—to a large degree by preserving and then increasing exports of energy resources for freely convertible currency. The first five points are the same as the conditions for allocation of major credits to the energy sector by the International Bank of Reconstruction and

Development. In this connection I want to emphasize to those industrialists who speak in favor of a fast-paced transition to a true market economy, that the conditions put forth by the international financial organizations look not only rational but, in my opinion, sometimes not even enough. The government, it seems, has another view on this point.

### **Housing Chief Answers Questions on Process of Housing Privatization**

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 in Russian 7 May 92 pp 1,2

[Russian housing official N. Rubtsov interviewed by Nadezhda Zhukovskaya and Natalya Popova: "Confidential Hotline: 1. Is It Easy To Become an Apartment Owner?"]

[Text] Another telephone conference has been held with readers. This time the subject of discussion was a most urgent one—housing privatization. This process is gathering momentum. In Moscow alone, 40,000 apartments became private in April; all told, 100,000 apartments have now been privatized in the capital. This is twice as many as in Russia as a whole. And not surprisingly, for Moscow in a state in itself. In addition, here this complicated work is being carried out by special decree of the President.

But privatization is now in full swing throughout the country, although not everything is proceeding smoothly. The "confidential hotline" discussion showed that our readers have a great many questions, and they urgently requested that the most senior and competent officials answer them. For this reason, we divided our discussion into two parts. Today questions from our readers in various parts of the country are answered by N. Rubtsov, head of a directorate of the Russian Ministry of Construction Housing and Municipal Services Committee.

#### **Agencies Argue With the State.**

[Zhukovskaya, Popova] Nikolay Valentinovich, our readers in the country's peripheral regions are interested in the question of privatization of department-owned housing. Since 1954, Irkutsk resident L. Oshcherin has lived in an apartment in a settlement for employees of the Irkutsk Hydroelectric Power Station, and he has been refused permission to privatize it. G. Vorobyova of Yegoryevsk wanted to privatize her elderly relative's apartment, which is under the jurisdiction of the Moscow Land Reclamation Association, and she too was refused. And the family of the chief mechanic at the Gori plant, residing in the village of Sumitsov, [check] Volosovskiy Rayon, Leningrad Oblast, was evicted altogether after submitting an application to privatize its apartment, because the apartment belongs to a sovkhos. There are many, many such questions. And so, will department-owned housing be privatized?

[Rubtsov] Our housing stock consists of four types of property—state, municipal, private, and public-organization. Therefore, in connection with the differentiation of property, housing previously owned by departments can now be considered either state or municipal.

Consequently, it is subject to privatization in accordance with the law. And the law says explicitly that citizens occupying dwellings in buildings of the state and municipal housing stock have the right to privatize the apartments they occupy. And in instances in which they are denied this right, they can confidently appeal to the courts.

[Zhukovskaya, Popova] Tell us, please, what is the situation where cooperative apartments are concerned? Are they already the private property of citizens, or are there some nuances here? This question is asked, for example, by V. Borisov, who lives in an apartment of a housing-construction cooperative, and other readers.

[Rubtsov] In accordance with the law once again, a cooperative apartment does not come under the category of municipal or state property. It is housing stock that is already in effect private and is not subject to privatization, provided that a former share-holder in the housing-construction cooperative has paid his full share. A document to this effect is filled out in the notary public's office. I have heard certain senior comrades say that members of housing-construction cooperatives who want to officially codify their right to their apartments should go the privatization agency. This is all wrong, for it is not based on the law. Under the law, a family that has paid its share, after receiving the document from the office of the housing-construction cooperative's board, need only go to a notary public office in order to have document officially registered.

#### **Communal Apartments Are For Sale Too.**

[Zhukovskaya, Popova] Many of our readers ask what the situation is with regard to communal apartments. For example, it is necessary to have the consent of one's neighbors if someone wants to privatize his room? This question comes from Lyubertsy resident M. Chudin.

[Rubtsov] Here again, we have to go back to the law. Article four says: The following residential dwellings (a list follows), including communal apartments, are not subject to privatization." At the same time, the second part of that same article says that local Soviets of People's Deputies, taking into account a collective's views, are empowered to themselves adopt decisions on privatizing workplace facilities and communal apartments. In other words, the privatization law is not in force directly. Executive government bodies of republics within Russia and of krais and oblasts adopt their own statutes, depending on local conditions. They also have the right to decide whether to privatize communal apartments, as was done in Moscow, for example. The only condition here is that the apartment must be privatized in its entirety, which is to say that all residents must consent to this. In this case, each person privatizes his part of the residential building and common-use areas.

[Zhukovskaya, Popova] Do they have to pay for that too?

[Rubtsov] There is a method for calculating costs that is used to determine the exact monetary value of that portion of the space, house, or apartment that passes to a citizen's ownership. In keeping with this method, we must bear in

mind that at least 18 square meters per person and at least nine square meters per family is be transferred for use free of charge; in other words, a total of 27 meters, if one person lives in the apartment. Local Soviets in various parts of Russia have adopted varying norms, which range from 18+9 to 25+15.

[Zhukovskaya, Popova] A great many complaints have been expressed via the "confidential hotline." People are finding out that privatization is cheaper in some areas, and more expensive in others. What accounts for this discrepancy?

[Rubtsov] Article 14 of the law says that the appraisal of living space to be transferred free of charge is based on prices that are in effect at the time of privatization and determined for a given residential area. This means that the cost of one square meter of housing in Central Russia and in the south is cheaper than, say, in Siberia.

#### Who Will Put the House in Order?

It is entirely legitimate, for example, that the cost of one square meter of housing in Tyumen Oblast can be more expensive than in Rostov Oblast. After all, it is much easier to provide the necessary level of comfort in a house in the south than in the north. We call this equivalent value. It, in turn, is multiplied by the normative in effect in a given residential area. In this way, we calculate the cost per square meter with due regard for all conditions of the space being transferred free of charge. If, for example, the equivalent value is 100 rubles, and a family has the right to receive 50 square meters of housing free of charge, then by simple multiplication we find that the family is entitled to expect 5,000 rubles free of charge. Then the actual value of one square meter of housing and of the entire apartment being privatized is calculated. The difference between the equivalent and actual values of an apartment is what determines whether or not the owner has to pay something. Norms for space to be transferred free of charge have been set in such a way that 85 percent of Russia's residents will receive housing free of charge. For all practical purposes, only those who have very great surplus space or whose apartments are located in prestigious buildings will be required to pay.

[Zhukovskaya, Popova] Why aren't housing-maintenance and DEZ [Building Operations Board] offices getting housing ready for privatization? S. Korenevskiy, a sanitation equipment mechanic from Smolensk, thinks that privatization has been slowed simply because many buildings are in poor condition.

[Rubtsov] One of the aims of privatization is precisely to increase the responsibility of the public for maintaining the housing stock in good condition. Today a person regards his home as belonging to someone else. And this is the reason for everything we see: broken windows, missing doors, broken combination locks, scratched walls, sooty ceilings, broken elevators. The buildings are seen as belonging to someone else and treated accordingly. What we have to do is instill in people of sense of being private property owners. Only in this way can we reduce and

relieve the state of the burden of outlays for housing stock maintenance and upkeep and reduce those outlays.

Today a renter pays between 13 and 18.5 kopeks per square meter. If we multiplied these kopeks by the amount of space occupied and compare the result with the expenses that housing-maintenance organizations are forced to pay, we would all be aghast, the figures are that incomparable. Last year, a Moscow family of two had to pay 1 ruble 36 kopeks per month for hot water. Try to compare the city resident's expenses with the outlays for firewood and the personal labor performed by a rural resident. Would those rubles and kopeks last the rural resident for a month? And what about heating and cold water? In short, we pay virtually nothing. The state pays much of the difference from its own budget.

During the market transition period, the state retains the obligation to make up the difference between actual outlays and the apartment rent currently charged the private owner or renter. The law states clearly that these costs remain the same for both categories. But when the market enters its own, this practice will be changed.

#### The Countryside Remains Overboard.

[Zhukovskaya, Popova] Tell us, please, how is housing privatization proceeding in Russia as a whole?

[Rubtsov] The deadlines for implementing the law have not been met. It was adopted in July, and draft statutes on privatization and the necessary normative acts were confirmed by October. But our country's bureaucracy has remained true to form. For all practical purposes, all territories confirmed the normatives only in the first quarter of this year. So in actuality, housing privatization has only just begun in Russia. Only Ossetia has yet to make up its mind.

The state of affairs with privatization of housing stock belonging to the Ministry of Defense is not entirely favorable. There are indeed objective difficulties in this area that have to be resolved. However, the ministry itself is not trying to solve the problems that are arising, adopting a wait-and-see stance. The military is not very eager to privatize its stock, and understandably so. By law, a servicemen has the right to privatize housing space, since it falls under the category of state property. And when he moves, he has the right to sell that apartment. But nature abhors a vacuum, and where is the Ministry of Defense going to get new housing? For this reason, it is reluctant to implement privatization, especially where remote garrisons and small cities are concerned.

[Zhukovskaya, Popova] The editors have many questions about housing privatization in rural areas, since there, as a rule, everything depends on the kolkhoz chairman or sovkhoz director.

[Rubtsov] Kolkhoz stock is not subject to privatization, since, under the property law, it falls under private property. And the law envisions only privatization of state and municipal housing stock. Here everything depends on how the kolkhoz itself intends to exercise its right: Will it sell or give housing to a member of its collective? We have yet to

solve all the conflicts with regard to housing privatization and the exercise of the rights of citizens who live in rural areas and in residential buildings belonging to the Ministry of Deense, the railroads, and the power-engineering industries. There are still some problems here that we have to solve, and I think we'll do so in favor of people.

**The problems and methods of housing privatization in Moscow is a special discussion. Read about it in the next issue of our newspaper.**

### **Trade Union Acquiring Automated Information Service**

924A1119A Moscow SELSKAYA ZHIZN in Russian  
8 May 92 p 2

[Report by A. Sidorov: "The Trade Unions Acquire a Voice"]

[Text] Russia's agricultural trade union has begun developing its own information network. G. Mamichev, head of the trade union's information service, told the editorial staff that a facsimile system has been purchased and is being installed in all the reskoms, kraykoms, and obkoms [republic, kray, and oblast committees] of agricultural trade unions in the Russian Federation. It will be hooked up to a computer. This will make it possible to create a data bank on the activity of trade union organizations in local areas, as well as to link them horizontally. A training session will be held for managers of the press and information services in Moscow on 21 and 22 May in order to prepare the personnel who will be using this system. The principal questions to be discussed will deal with the development of a network of correspondents and the selection and analysis of information. The large-circulation weekly newspaper ZEMLYA I TRUD, which will be distributed by subscription, will also contribute to the exchange of information.

### **TRUD on Trade Union Subsidies**

924C1266A Moscow TRUD in Russian 18 Apr 92 p 2

[Reader's letter and response by directors of the TRUD publishing house: "They Bled Us Dry"]

[Text] Are the trade unions giving TRUD any financial support at all? (V. Klyus, Vilnius).

**The information was obtained from the directors of the TRUD publishing house.**

No, they are not. Last year, when TRUD first experienced the threat of a financial catastrophe because of the explosive increase in prices of newsprint, the All-Russian Communist Party (former cofounder and predecessor to the AUCCTU [All-Union Central Trade Union Council], of which TRUD was an organ, allotted the newspaper 20 million rubles [R] from the profit it had been withdrawing for many years. And this was perhaps the only case where the trade unions rendered aid to the newspaper in this way. Basically the AUCCTU and then its legal successors unceremoniously "siphoned" money from TRUD, essentially without pumping anything back in. Suffice it to say that during the past 15 years alone the newspaper transferred

into the trade union budget about R500 million from its own profit, and 60.8 million went, in keeping with the "requisitions" that existed at the time, to the party printers. That same TRUD was and still is one of the few large newspapers that do not have their own production base: printers, warehouses, and so forth.

### **Weekly To Publish Consumer Goods Prices**

924C1266B Moscow ROSSIYSKAYA GAZETA  
in Russian 18 Apr 92 p 8

[Interview with Pavel Gordeyev, editor in chief of TSENY, by correspondent Valeriy Krykov; place and date not given: "Novelty. These Spring PRICES"]

[Text] I swear you just cannot keep up with all the new publications. Many of them contain various kinds of information that reflects the political and other penchants of the editors. Incidentally, an unusual publication has appeared, one which, in spite of the fact that it looks like a newspaper, has purely business, one might say, "numerical" content. TSENY [PRICES]—that is the name of this new weekly. A ROSSIYSKAYA GAZETA correspondent speaks with its editor in chief.

[Krykov] Your publication is quite different from other newspapers and magazines in that it clearly lacks the typical journalistic genres: reportage, interviews, notes. Instead of them you have dry columns of figures indicating the price of one commodity or another. Is this the position of the editors?

[Gordeyev] We are all tired of political battles. The idea of our weekly is simple: to help people keep pace with the wild rhythm of changing prices. And each person chooses for himself what interests him from this "forest of figures" and draws the necessary conclusions. We are relying on the idea that the weekly will give precisely the prices at which goods may be acquired. For instance, we inform people about how much a kilogram of meat costs, indicating its price in state trade, on the market, and in consumers' cooperation. After all, these prices differ severalfold from the stock market quotes which now dot our publication.

[Krykov] To whom is the weekly TSENY addressed?

[Gordeyev] To any reader who has taken our newspaper and made a multitude of discoveries for himself. In addition to the regular tables, for example, "Food" and "Consumer Goods," each time there will be new ones such as "Tickets," "Sports Equipment," and "Movie and Photo Products." Beginning merchants might possibly be interested in prices on the "flea markets" in Poland and China and, say, homemakers—in the cost of dry cleaning, clothing repair, and other kinds of services. Those who have hard currency will be able to find out the prices in hard currency stores. And for the politicians this means an opportunity to acquire more or less reliable information about prices without going to the stores.

[Krykov] So TSENY has something for everyone?

[Gordeyev] We are certain of this.



**Press Ministry Official on State Support**

924C1266C Moscow KURANTY in Russian 14 Apr 92  
p 6

[Interview with Alla Yaroshinskaya, chief of the Main Administration of the Mass Media in the Russian Ministry of the Press, by Lidiya Lukyanova; place and date not given: "That Is Not What I Came to the Ministry For..."]

[Text] [Lukyanova] Alla Aleksandrovna, your appointment to the position of chief of the Main Administration of the Mass Media in the Russian Ministry of the Press sent a wave of rumors through the journalistic community: The democratic rebel Yaroshinskaya has come and driven everyone out! Now there will begin to be democratic pressure on the press... What do you say? Is there much truth in these rumors—through your actions are you showing your devotion to democracy, and what about the other things?

[Yaroshinskaya] I do not impose my ideology on anyone, and if only for that reason I have not driven anybody out. The ministry was eliminated and everyone was transferred to the staff... Well, of course, I have the right to make choices in hiring. There will be no incompetents working here, just as there will be no bureaucrats from the press.

One of the first days when I was working in the ministry some journalists from the local newspaper brought me a piece of paper to sign. I told them to sit down and the table and compose it themselves. They were surprised, but they did it. They were confused by the speed of my decision... They were not used to that. I want very much to work without the apparatus bureaucracy.

[Lukyanova] What is the range of responsibilities of this administration, which is new to the ministry?

[Yaroshinskaya] Previously there was the department which was the emergency cleanup crew: If a newspaper was being created somewhere—we had to help, if the editors were being suppressed somewhere—we had to intervene. There was no work for the future and the department had no idea of what was happening with the press: the structures of the publications, the kinds of newspapers, and why they are prevailing and growing. Even in our unthinkable conditions we want to try to predict what kind of press we will have in a year, three years, or five years. Will there be weeklies or will daily newspapers take the upper hand? What kinds of publications will prevail: economic, advertising, sociopolitical? An administrative structure was created for these purposes.

The problems I mentioned are being worked on by our brain trust—the information-analysis department. For the first time since the seventies there are now 11 women's newspapers in Russia. In the previous department there was not even a publications bank. Women's issues are now in their heyday, circulation is increasing, and we will help them because they satisfy the demand for information for a particular segment of the population. Thus we are helping not only the editors but also the readers in the information market.

The department for support, development, and dissemination of the mass media (operations administration) is responsible for tactical problems at all levels—kray, oblast, and rayon—and this is irrespective of the form of ownership of the publication. We help a little with newsprint and space—this is the most painful issue for the editorial offices. Very frequently people come to us from the cities of Russia and say that the former party newspaper had all the offices and printing capacities. And the up-and-coming democratic newspaper was forced out into the street. This was precisely the situation in Saratov recently. I straightened out the conflict. Three letters over the signature of the deputy minister did not have an effect on the director of the publishing house. He was called to the ministry—and he said he was sick. My proposal to fire the director was supported. At the conference where this conflict was considered the head of Administration for Printing and Publications was asked what he did in Saratov if the leadership had to come from Moscow. I asked: You are the ministry representative, why are you not doing any work? That was on Monday, and by Wednesday he had already done everything in fairness. It turns out that it is possible to avoid bringing the property section to the point of conflict. This is how my work in the ministry began. But I still try not to divide up either newsprint or square meters myself. There are technical services for that. I implement a policy for supporting newspapers.

There are 49 regional newspapers in Russia: independent ones, labor collective newspapers, and some that have been founded by our ministry. Sometimes people wonder: Why is the ministry founding newspapers? A year ago, when the democratic press was just getting established, this was justified. The party apparatus reigned supreme in the remote areas and they did not share their power, so it was impossible to establish an independent newspaper there without help. But now it is time to look at what kinds of regional newspapers these are. Some of them are on the verge of shutting down: They have weak personnel and they have not managed to find readers. But there are also newspapers that are respected by the readers. For example, in Ivanovo there is VOLNOYE SLOVO. The administration's task is to support those that are developing.

There are 88 youth newspapers published in Russia. Some are being born while others are dying, and it is very difficult to keep track of this process and its causes: Everything depends on staffing the administration with specialists. We have seen the appearance of a completely new type of youth newspaper which competes with the regional ones: in Tyumen, Altay, St. Petersburg... Why not support them?

The layer of kray and oblast newspapers must be swept aside. There are 120 of them. These are the newspapers of the oblast soviets. Do we need newspapers of the local organs of power? There are no publications like this anywhere else in the world. And we have to give them newsprint and subsidies. Why? When the CPSU had all the power, all that were published were "organs" of its committees, beginning with PRAVDA and ending with SOVetskaya Zhitomirshchina. Now democrats

have come to power in some places and they are creating their own newspapers; in other places the nomenklatura have remained strong and they have a different ideology. What is the poor editor supposed to do? When the "reds" came, they demanded: Write this. I think the Supreme Soviet should revise the Law on the Press and prohibit organs of power from having their own publications.

[Lukyanova] According to Yeltsin's ukase, financial aid will be given first of all to precisely these government publications. Is this fair? Again they are dividing the press into theirs and others'... What is your position?

[Yaroshinskaya] It is difficult for me to imagine the U.S. Congress publishing a newspaper. Nobody would stop them, but such a thing would not enter the minds of Congress. Why? Under Yeltsin's ukase they allot money and newsprint. Journalists are justifiably disturbed: Why do these publications get all the breaks? They agree with me in the ministry: We are in favor of supporting the periodical press in keeping with the president's ukase, but not government newspapers for which this is just a way to obtain subsidies. That would be fair, although not everyone would like it, and we must try... Regardless of how much they may have berated the democrats (and with good cause), still the Law on the Press is in force: Almost 25,000 of the most diverse kinds of newspapers are published in Russia. How does one find one's bearings in this sea of information?

About 500 newspapers are published in Moscow, 600—in St. Petersburg, 270—in Krasnoyarsk Kray, and 56—in Kemerovo. Take your choice! And the ministry must help, and without ideological ploys.

Another department handles departmental publications. If the Law on the Press is changed, we will have to get rid of that department. But for now the Ministry of Power and Electrification alone puts out 40 publications, and the Ministry of Agriculture—almost 70 journals. Are they needed? If they are needed, let the ministries support them and not the taxpayers.

And another thing—our administration must handle an immense number of journals. The printers ask: Which newspapers will still be around in a year, so we can figure out what kind of printing equipment we need; soon it will be too late.

[Lukyanova] Does it not offend you to be a party to dividing up the newspapers into categories of "ours" and "not ours."

[Yaroshinskaya] A most painful issue...

[Lukyanova] So the government divides up the newspapers and the ministry participates in this? Potapov shed a few tears and the women from KOMSOMOLSKAYA PRAVDA shed a few tears—and they allotted them money... That is what our colleagues say.

[Yaroshinskaya] Of course, any newspaper, even if it has a circulation of 5,000, is offended if we do not help it.

[Lukyanova] But it is obvious to me (and therefore offensive) that help from the powers that be is the same old practice of training the press to be loyal.

[Yaroshinskaya] In order to make sure that this does not happen, we have created a program of support; we must look not from the bell tower of some one editor but from the position of society's interest in one publication or another. But if the money is divided equally among all of them, they will all perish together. Perhaps the things I say are offensive to the newspapers, but that same KOMSOMOLKA is the only Russian-language newspaper in the Baltics, and TRUD has 4 million subscribers in Ukraine, and it can objectively inform them. From this standpoint I would not want to lose these newspapers. The ministry has arranged things (I do not know whether this is good or bad) so that these large newspapers receive aid separately, not under Yeltsin's ukase, for otherwise they would eat up the entire amount. And I respond to my colleagues: Neither I nor the administration participates in the dividing up of newspapers into ours and others'. On recommendations from the Committee on the Press of the Supreme Soviet we assist mainly youth and children's newspapers and publications for disabled persons.

In developing Yeltsin's ukase, after the meeting of the editors in chief of the newspapers we prepared a draft decree of the Russian Federation on additional measures for legal and economic protection of the periodical press and state book publishing. And there was also the draft of the decree on protection of the press of the Supreme Soviet of Russia.

We suggest that the government and the Supreme Soviet revise the tax policy with respect to the mass media; the 28-percent tax must be removed immediately. They must be allowed to breathe more freely. We suggest establishing the maximum price at the level of 7,000 rubles [R] per tonne of newsprint, but this is without value added tax. And in order not to leave the paper manufacturers in the lurch, there should be tax breaks for them. Otherwise the combines will not be motivated to produce the necessary quantity of paper.

Incidentally, all the combines are overflowing with paper but the editorial offices are unable to buy it at 20,000-23,000 per tonne. A paradoxical situation develops: The newspapers are on the verge of closing down—they have no paper and it is lying around unused because, based on their own interests, the paper manufacturers will not reduce the prices. The government and the Supreme Soviet must immediately adopt a decree, because if they let it go a month longer nobody will be able to help.

When I spoke about this at a session of the Supreme Soviet Committee on the Press, one of the deputies asked: "Who is she?" "From the Ministry of the Press"—they answered him. "Fire her!" the deputy commanded. But I had already been through all that in my native Zhitomir... I was fired by the oblast committee secretaries. That is not why I came to work in the ministry.

## REGIONAL AFFAIRS

### Deputies Adopt Resolution on Socioeconomic Development of North

924C1306A Moscow ROSSIYSKAYA GAZETA  
in Russian 29 Apr 92 p 2

[Decree: "Decree of the Congress of People's Deputies of the Russian Federation, 'The Socioeconomic Status of the Rayons in the North and of Localities Equated to Them'"]

[Text] Proceeding from the interests of man, and for purposes of the efficient improvement of the social, ecological, and economic situation in the rayons in the North as the basic source for providing the economy of Russia with fuel-and-energy and raw-material resources, the survival of the peoples of the North with a small population, and the accelerated changeover to a fundamentally new model for the stable development of the North under conditions of the formation of social-market mechanisms, the Congress of the People's Deputies of the Russian Federation decrees:

1. The taking into cognizance of the instructional guide and basic directions submitted by the Government of the Russian Federation for the Russian Program for Developing the Rayons of the North Over a 15-20 Year Period, and the criteria for dividing the North of Russia into rayons, and using them as the basis when developing the State Program for the Socioeconomic Development of the rayons of the North.

2. The Supreme Council of the Russian Federation is to:

—adopt by 1 June 1992 the law of the Russian Federation, entitled "State Guarantees and Compensations for Persons Working and Residing in the Rayons of the Far North and Localities Equated to Them";

—accelerate the elaboration of, and adopt in 1992-1993, legislative acts pertaining to questions of developing the rayons of the Far North and localities equated to them, including those dealing with national autonomy, autonomous okrugs, the principles of the legal status of the peoples of the North with a small population, the economic status of the North, the protection and efficient use of the land and other natural resources in places inhabited by peoples of the North with a small population, the land-tract allocations of the rayons of the Far North and the localities equated to them, and the use of the forests in the rayons of the Far North and the localities equated to them;

—extend, prior to the adoption of legislative acts regulating the legal status of the peoples of the North with small population, the action of the RSFSR Law entitled "The Peasant (Individually Owned) Farm" for tribal and family communities of the peoples of the North with small population that are engaging in traditional branches of management;

—consider the question of ratifying the 1989 convention of the International Labor Organization, entitled "Indigenous Peoples and the Peoples With a Tribal Way of Life in Independent Countries";

—make, in conformity with the specifics of the economic assimilation of the rayons of the Far North and the localities equated to them, the necessary amendments to the legislative acts governing the budgetary system, privatization, taxation, entrepreneurship, and the employment rate of the population, and the participation of foreign investors in the assimilation of natural resources;

—consider, prior to 1 July 1992, the question of leaving in 1992-1993 in the rayons of the Far North and the localities equated to them, part of the funds that are formed in those rayons and that are to be transferred to the Pension Fund of the Russian Federation, for the social support of pension recipients and disabled citizens residing in the rayons of the Far North and the localities equated to them;

—grant to agencies of the state authority of the republics that are part of the Russian Federation, krais, oblasts, and autonomous okrugs of the North, the right to participate in administering the resources of the continental shelf and the 200-mile maritime economic zone;

—consider the question of freeing enterprises situated in the rayons of the Far North and localities equated to them from the payment of taxes on the part of profit (income) to be channeled into technical reequipping, remodeling, the assimilation of production, the activation of new capacities, and the expansion of the production of commodities intended for popular consumption and of food products;

—consider, jointly with the Government of the Russian Federation, the question of compensation, charged to the consolidated budget of the Russian Federation, for expenses linked with moving from the rayons of the Far North and localities equated to them, to be paid to workers of budgetary institutions and organizations who have worked in those rayons or localities no less than three years, and to pension recipients, disabled individuals, and persons who have lost their job and have been registered as unemployed in the rayons of the Far North and localities equated to them, and to persons who have worked no less than three years at state enterprises situated in those rayons and localities—50 percent of those expenses.

3. It is recommended that the President of the Russian Federation:

—enact ukazes dealing with questions of urgent steps to protect the places where the peoples of the North with small population live and carry out their economic activity, dealing with the acceleration of the construction of housing for the citizens leaving the rayons of the Far North and localities equated to them, as well as the protection of the biological resources of the 200-mile maritime economic zone;

—establish that 40 percent of the currency proceeds from the exporting of the output produced by enterprises in the rayons of the Far North and the localities equated to them, that is subject to sale to the Republic Currency

Reserve of the Russian Federation, is sold to the currency funds of those rayons, and also to grant to the republics that are part of the Russian Federation, the krais, oblasts, and autonomous okrugs in the Northern rayons, the right to coordinate the extent of the regional, including export, quotas for output produced on their territory;

- not extend, prior to the enactment of laws regulating the legal status of the peoples of the North with small population and the use of the land resources in places inhabited by them, the action of the 27 December 1991 Ukase of the President of the Russian Federation, entitled "Urgent Measures to Implement Land Reform in the RSFSR," and the 29 December 1991 decree of the Government of the Russian Federation, entitled "Procedure for Reorganizing Kolkhozes and Sovkhozes" to reindeer-breeding farms.

4. The Government of the Russian Federation is to:

- guarantee the development of, and submit in the first half of 1993 for consideration by the Supreme Soviet of the Russian Federation, drafts of state programs for the socioeconomic development of rayons of the Far North and localities equated to them, for reviving the peoples of the North with small population, as well as recommendations for dividing the territories of the North of Russia into rayons;
- develop and approve in 1992 a mechanism for compensating the enterprises, institutions, and organizations situated in the rayons of the Far North and the localities equated to them, for expenditures to make payments on the basis of rayon coefficients and percentage differentials for working in those rayons and localities;
- guarantee the financing and allocation of material-technical resources for implementing the State Program for the Development of the Economy and Culture of the Peoples of the North With Small Population in 1992-1995;
- carry out, when forming the consolidated budget of the Russian Federation, the allocation of funds for the financing of public health, culture, and education in the rayons of the Far North and the localities equated to them, in conformity with the standards;
- conduct negotiations with the governments of the states participating in the Commonwealth of Independent States for the purpose of concluding agreements to provide the social benefits and guarantees to persons working and residing in the rayons of the Far North and the localities equated to them;
- approve within a one-month period a mechanism for compensating the expenses linked with moving from rayons of the Far North and localities equalities to them, to be paid to pension recipients, disabled individuals, and persons who have worked no less than three years in those rayons and localities, as well as to persons who have lost their job and have been registered as unemployed in rayons of the Far North and the localities equated to them;

—analyze, with the participation of permanent commissions of the houses and committees of the Supreme Council of the Russian Federation, the recommendations addressed to the 6th Congress by the people's deputies of the Russian Federation, the Soviets of People's Deputies, the collectives at enterprises, institutions, and organizations, and individual citizens, and to take those recommendations into consideration when developing the special-target programs and taking specific steps to support the socioeconomic development of the rayons of the Far North and the localities equated to them. The results of that work are to be reported to the Supreme Council of the Russian Federation prior to 1 July 1992.

5. The Central Bank of the Russian Federation is to allocate in 1993 to the regional branches of the bank the necessary volume of centralized credit resources to meet the urgent needs of the enterprises situated in the rayons of the Far North and the localities equated to them, including the needs for housing construction in the central and southern regions of Russia

6. The Government of the Russian Federation and the Russian Academy of Sciences are to:

- provide in 1992-1995 the financing of research in the area of forecasting the socioeconomic development of the north, the reviving of the peoples of the North with small population, the ecology and health of man, administration and state regulation under the conditions of the market, and the creation of northern resource-saving technological schemes and equipment;
- carry out specific steps to train highly qualified scientific cadres engaging in research on the problems of the North;
- carry out in 1992 a state ecological study of the Novaya Zemlya archipelago and the territories adjacent to it, and to make recommendations to the Supreme Council of the Russian Federation with regard to the question of the desirability of the further functioning of the nuclear test range situated on the archipelago.

[Signed] R. I. Khasbulatov, chairman of the Supreme Council of the Russian Federation  
Moscow, the Kremlin  
21 April 1992  
No. 2707-1

### Economic Reporting From Kabardino-Balkariya

#### Draft Law on Land Payments Up for Discussion

924C1346A Nalchik KABARDINO-BALKARSKAYA  
PRAVDA in Russian 10 Mar 92 p 2

[Article by Kh. Teuvov, consultant to the Commission for Agrarian Issues and Foodstuffs of the Kabardino-Balkar SSR Supreme Soviet: "Land Must Be Paid For"]

[Text] The Law "On Land Fees" has been enacted in Russia effective 1 January 1992. The objective of the law is to provide incentives for the rational use and protection



of land, improvements in soil fertility, and the equalization of economic conditions for operations on land of varying quality.

The draft Law of the Kabardino-Balkar SSR "On Land Fees" has been adopted by a resolution of the Presidium of the Kabardino-Balkar SSR Supreme Soviet and has been published.

The draft law was developed with extensive participation by research associates from the design institute SevkavNI-Igiprozem [North Caucasus Research Institute for Land Use Planning], specialists from the Kabardino-Balkar SSR State Committee for Land Reform, and the Ministry of Agriculture of the republic. Statistics from the latest (1990) round of land surveying and appraisal work, along with procurement prices in effect for farm produce, were used as a basis for setting the rates of the land tax. Proceeding from rents based on the fertility of soils, differentiated tax rates have been set for each group of soils, fields in crop rotation, and specific land users.

On average the land tax will come to 119 rubles [R] per hectare of arable land in our republic. The lower limit has been set at R50. Tax rates range widely within the rayons themselves. For example, in Baksanskiy Rayon the tax rate will come to R155 per hectare on average, whereas on the gardening sovkhoz Zayukovskiy it will amount to as little as R68.6.

The rates of the land tax on perennial plantations, haying grounds, and pastures have been set on the basis of the average level of the tax per hectare of arable land (R119) and the cadastre valuation of land.

The draft law provides for a tax rate of 5 kopeks per square meter of the total area of land parcels which have been allocated to citizens for individual and collective fruit and vegetable gardening and livestock breeding, or as personal auxiliary plots, within the limits of rural localities or gardening cooperatives.

Many people are interested to find out what the tax is on land in the cities. In keeping with the draft law, a tax on the land of cities, worker settlements, and resort localities will be collected from all enterprises, organizations, establishments, and citizens who own or use parcels of land. It has been calculated on the basis of average rates for individual categories of cities approved by the Russian Federation Supreme Soviet, taking into account the status of these cities, the level of sociocultural potential, the historic and recreational value of the land (with the exception of land used for farming, as well as that used for personal auxiliary plots and housing, second-home lots and gardening parcels, and privately owned garages). The average rates of the land tax in cities, worker settlements, and resort localities of the republic have been set in the range of R0.8 to R1.8 per square meter. These rates should be differentiated by city and settlement soviets of people's deputies according to location and zones of varying value for urbanization purposes.

The draft provides for setting the rate of the tax on land occupied by housing (state, public, cooperative, and private), as well as land for second-home lots and private garages within city or settlement limits at three percent of the rate of the land tax in cities and urban-type settlements.

It is proposed to levy taxes at twice the rate for parcels of land whose area exceeds established standard allocations.

Citizens who start peasant (farmer-operated) farms for the first time are exempt from the tax for three years from the moment parcels of land are allocated to them. Likewise, cultural, art, educational, and health care establishments, sports and health maintenance complexes, and other units financed from the state budget shall not pay the tax. The draft law also grants such relief to certain categories of citizens, in particular, veterans of the Great Patriotic War and the handicapped.

As provided by the draft law, the land tax should be used solely to finance land survey efforts, the maintenance of a land cadastre, soil conservation and improvement of soil fertility, and engineering and social improvements of the territory.

Payments for land should be credited to special budget accounts of the proper local soviets of people's deputies. It is proposed that, out of the total proceeds from the tax and lease fees for agricultural land, 20 percent be transferred to a special budgetary account of the Kabardino-Balkar SSR and 40 percent to the account of the Russian Federation, and the remainder of the funds be left at the disposal of the local soviets of people's deputies for their intended use.

The Commission for Agrarian Issues and Foodstuffs of the Kabardino-Balkar SSR Supreme Soviet is calling on people's deputies, scientists, and specialists of the agro-industrial complex, and all citizens of the republic to communicate their comments and proposals concerning the draft Kabardino-Balkar SSR Law "On Land Fees" to the Presidium of the Kabardino-Balkar SSR Supreme Soviet (city of Nalchik, House of Soviets, Room No. 23; telephone numbers 2-37-85 and 2-21-78).

#### **Committee on Employment Holds First Session**

924C1346B Nalchik KABARDINO-BALKARSKAYA  
PRAVDA in Russian 11 Mar 92 p 2

[Article by A. Zlobina, Category I specialist of the Kabardino-Balkar SSR Administration for Employment of the Populace: "To Protect the Unemployed: From a Meeting of the Republic Coordinating Committee for Facilitating the Employment of the Populace"]

[Text] The first meeting of the Republic Coordinating Committee for Facilitating the Employment of the Populace was held by the Kabardino-Balkar SSR State Committee for Labor. The Coordinating Committee was created in February by a resolution of the Kabardino-Balkar SSR Council of Ministers with a view to getting state, trade union, entrepreneurial, and public structures, whose representatives became members of this committee on an equal basis, involved in resolving employment issues.

At the meeting special attention was paid to discussing a projection of the layoffs of workers and clerical personnel from enterprises and organizations of the republic in 1992. In his report V.Kh. Mashukov, acting chief of the Department of Records and Analysis of the Employment of the Populace, stressed that as privatization expands, the number of jobs drops, and, possibly, as unprofitable enterprises close, the number of employees laid off at production facilities will increase. It is important to have complete information on the number of employees slated to be laid off, as well as the availability of vacancies and job offers, in order to assist people with job placement in a timely fashion and determine the volume of financing for the Program of Social Protection for the Unemployed. The republic service for the employment of the populace is making planned efforts to this end.

According to a projected estimate by specialists, another 5,000 employees laid off by 230 enterprises and organizations of Kabardino-Balkariya will join, in the labor market, several thousand citizens, mainly in rural areas, who have been out of work for a long time. As of now, 5,012 vacancies are available. It would appear that there are no special problems. However, analysis indicates that workers are mainly needed, with occupations such as lathe and milling machine operators, metal workers, and concrete workmen. There are merely 130 vacancies for engineers, technicians, and clerical employees, whereas approximately 2,000 of them will be laid off.

One of the main tasks of the employment service and the local organs of power is to ensure the implementation of the republic employment program which provides for creating 5,000 additional jobs in 1992, of which 3,000 will be in rural localities. Training and the retraining of those who have no prospects to obtain employment in their occupation will be organized. To this end, contracts have been signed with six enterprises and 30 educational establishments for 1,433 trainee slots. Scholarships will be paid to trainees.

While discussing a set of measures aimed at averting mass layoffs, the members of the Coordinating Committee resolved to support the position of the Federation of Independent Trade Unions of the Kabardino-Balkar SSR on the issue of privatizing state and municipal property in the republic outlined by Chairman of the Federation of Independent Trade Unions P.K. Taov in KABARDINO-BALKARSKAYA PRAVDA on 25 February 1992.

It was established that suitable work may be offered to the unemployed located at a distance of no more than 15 kilometers from their places of residence. By the decisions of rayon and city soviets of people's deputies, this range may be extended, provided that the schedule of public transit is convenient.

At the meeting of the committee, the appropriate departments of the Administration for the Employment of the Populace of the Kabardino-Balkar SSR were instructed to develop arrangements for suspending the mass layoffs of employees within six months and for actions by the employment organs under such circumstances, to analyze

the retraining of specialists, and to submit proposals concerning changes in the specialization of educational establishments, in keeping with the needs of the republic.

### **Ispolkom Official on Socioeconomic Situation in Nalchik**

924C1346C Nalchik KABARDINO-BALKARSKAYA PRAVDA in Russian 5 Mar 92 pp 1, 2

[Interview with R.Kh. Beppayeva, deputy chairman of the Nalchik City Executive Committee, by R. Kronik; place and date not given: "Charity is not a Fashion. But Rather a State of the Soul—Such Is the Opinion of R.Kh. Beppayeva, Deputy Chairman of the Nalchik City Executive Committee"]

[Text] Political and economic instability in our country has also affected many facets of life in the capital of our republic. In the course of a transition to market relations, the most urgent problems associated with the supply of foodstuffs and consumer staples to the people, as well as the social protection of those who have ended up on the poverty line, have become more acute. We discussed the manner in which these complex issues are resolved with Roza Khizirovna Beppayeva, deputy chairman of the Nalchik Gorispolkom [City Executive Committee].

[Kronik] We have already informed our readers that measures for social protection of the low-income strata of the population were discussed at the latest session of the city soviet. There were also suggestions to discuss this in more detail on the pages of our newspaper.

[Beppayeva] I believe that this is altogether necessary. The people should be aware of the situation emerging in the city and the potential we have for helping the residents of Nalchik to survive this difficult time. The situation in the city is extremely serious. In view of a shortage of raw materials, output is being reduced, including that of enterprises producing foodstuffs: a confections plant, a meat-packing combine, and the city dairy plant. Fewer vegetables and fruit have been procured than the plan calls for. Nonetheless, we have tried to take additional measures to improve the supply of foodstuffs to the populace. A new shop with imported equipment for the production of macaroni products with an annual output of 10,000 tonnes has been started up. Within a short period of time more than 350 tonnes of such products have already been sold. A shop producing halvah was commissioned at a canning plant. Branches of the central market were opened at 11 sites in the city, which made it possible for the population to store potatoes, cabbages, onions, and tomatoes for the winter season. The urban residents themselves did not stand idly by. At present, 15,000 families are working parcels of land for fruit gardening, and vegetable gardens have been allocated to 17,000 people who wished to have them.

[Kronik] Given the current merchandise shortage and high prices, enterprises themselves could shoulder some responsibility for their employees.

[Beppayeva] Many enterprises are doing precisely this. They are setting up auxiliary farms and greenhouses, and

using barter. The confections plant, the meat-packing combine, the Telemekhanika, the hydrological and meteorological plant, the Druzhba Combine, and the Nasyp Joint-Stock Company provide both foodstuffs and manufactured goods for members of their collectives in this manner. In these instances, not only employees but also retirees receive foodstuffs. In addition, one-time allowances and meal subsidies are provided.

[Kronik] Perhaps we cannot fail to take into account the fact that our wages have increased, too.

[Beppayeva] Wages for all categories of employees have increased; at a number of enterprises they have increased by factors of two to four. This is what the new legislation on retirement benefits is geared toward. Payments and relief received by the population from public consumption funds have increased, and their share in the national income has gone up.

[Kronik] However, Roza Khizirovna, you would agree that the new prices have nonetheless undercut many family budgets.

[Beppayeva] Of course, this is true. However, I would like to note that long before the transition to market relations we began to create a system of social support for the populace which is aimed at offering protection against inflation and preserving the necessary standard of living. Solving the problems of the least protected category of people has a special status within this system. Last year, additional financing for sociocultural measures came to R34.45 million.

Even now, despite serious financial difficulties, we are trying to secure funds for this. The ispolkom [executive committee] allocated R9.5 million from the budget in order to make up the differential in prices for milk alone. More than R34 million were needed to increase the wages of health care, cultural, and public education employees, and we secured this amount too.

[Kronik] However, it appears that at present those who can no longer earn money for their more expensive living are in particular need of care. These are, first of all, war and labor veterans, senior citizens, the handicapped, and widows.

[Beppayeva] Even earlier we tried to pay due attention to them. A certain system for serving this category of the population, which we are trying to preserve at present too, has already evolved in our city. Stores selling manufactured goods and groceries, called "Veteran," to which 2,200 people have access, operate in our city. When possible, we have provided special services on holidays, in addition to regular rations. In the vegetable store, the city administration for the sale of fruits and vegetables has paid all expenses. Last year, the administration provided 500 tonnes of potatoes, 45 tonnes of cucumbers, 150 tonnes of tomatoes, 50 tonnes of onions, and 100 tonnes of cabbage. The following detail is also noteworthy: Vegetables were delivered to the residences of 253 families. The sale of sought-after goods, such as furniture, refrigerators,

vacuum cleaners, washing machines, and sewing machines, to war veterans and disabled veterans was streamlined.

[Kronik] Nonetheless, a good number of complaints from veterans concerning lack of attention and uncomfortable living conditions reach our editorial office and perhaps also you at the ispolkom.

[Beppayeva] This pains us all the time. How can we resign ourselves to the fact that in our city, 339 families of war veterans, including 58 handicapped, do not have proper housing, or that more than 900 people are on a waiting list for telephone installation. The saddest point is that these people simply cannot afford to wait until better times. Unfortunately, the city executive committee does not currently have enough funds to provide housing with amenities, or even telephones, for all war veterans and their families. I would like to bring this to the attention of the leaders of enterprises and organizations at which the veterans have put in a good many decades, and are now entitled to count on support from their collectives. We will be able to help them only if we act in concert.

[Kronik] We did recall the veterans at least on holidays; however, there are categories of the population to which it was not the custom to refer at all, so as not to cloud our marvelous present and our bright future.

[Beppayeva] These people are also quite numerous. Only recently did we start paying attention to those who took part in the post-accident cleanup at the Chernobyl Nuclear Power Station; meanwhile, there are about 400 of them in our city. Last year, the ispolkom allocated R657,000 for them; measures are being taken to improve medical and trade services for them.

The handicapped of all categories, about whose fate, concerns, and woes our society was altogether silent, are a special topic. Actually, there are 6,000 handicapped in Nalchik, of whom 450 have congenital handicaps. The sports and health maintenance club Vershina intended for them is now in operation. This year as well, the ispolkom has succeeded in preserving preferential services for persons with congenital handicaps, those with sight impairments, the deaf, individuals who survived the blockade of Leningrad, and those subjected to illegal repressions.

However, strange as this may seem, it is not their own woes and privation that concern individuals in this category the most, but rather occupational therapy. To be sure, a resolution of the Council of Ministers of the republic on improving the use of the labor of retirees and the handicapped in the national economy has been adopted, but has not been implemented.

[Kronik] As we can see, there are many people in our city whose situation has already become difficult at present, during this period of price liberalization. However, I believe that members of the Government of Russia are right in stressing that only the population which indeed cannot ensure a social minimum for itself is in need of social protection.

[Beppayeva] We proceeded precisely from the need to support such low-income citizens in developing the program of the gorispolkom for social protection. Indeed, the foodstuffs situation is difficult for all; however, unbalanced diets are detrimental to the health of some. I mean diabetes sufferers, pregnant women, and nursing mothers for whom we have tried to preserve rations with the necessary set of foodstuffs.

Despite efforts to protect the most vulnerable strata of the population, the price increase has now doomed almost one-half of our families, especially those with many children, to an existence in poverty. That they will not buy a new toy or outfit for a child, even if this is necessary, is not that bad. What is bad is that the nutrition of children has changed abruptly; they consume fewer vitamins and less protein than the norm calls for. Therefore, there is a reason why government resolutions on social protections for children and students came about. This is what an ukase by the president of our republic is geared toward. This applies primarily to school cafeterias in which students in grades 1 through 4 receive free meals at present. When this issue was discussed at the ispolkom, we found that it was necessary to come up with funds from the city budget in order to provide cheap dinners for all school children. We did not forget about toddlers either. The ispolkom assumed responsibility for providing free nutrition for children under one year of age, and in the case of low-income families, under two years of age. At present, sick and disabled children, of whom we have 1,117 in the city, receive free meals.

In keeping with the ukase of the president, social welfare employees of Nalchik sent, with dispatch—within two days, one-time grants-in-aid of R500 in the form of postal money orders, to individuals with congenital handicaps, families which have lost breadwinners, and other low-income strata of the population. A total of 4,500 people were placed on these lists, to whom R2.25 million were paid.

We are also considering how to organize meals for citizens in the greatest need with trade union funds, to this end, such citizens are assigned to canteens at their places of work or residence. We are registering those whose incomes per family member do not exceed R250 in order to allocate to them monthly allowances or one-time grants-in-aid from the city budget. Within days, the "Charity" shop will open which will accept donated things to be distributed free of charge to those in need.

[Kronik] Still, it will hardly be possible for us to sustain by means of one-time allowances all low-income individuals, most of whom are in need of daily attention.

[Beppayeva] This is precisely why our comprehensive program "Care" was developed, which is geared toward helping those living alone, as well as elderly citizens. The program is customized and specific; it indicates the type of assistance, deadlines for execution, and the persons in charge. There are 400 people on this list who need various social services. The social assistance division of social welfare and the Red Cross service of visiting nurses

undertook to provide services to them at home. Social workers visit the people under their care, bring them urgently needed goods and drugs, and act on other requests.

In the course of implementing these programs, the ispolkom provided seven apartments to individuals living alone, had telephones installed in some of their residences, provided fuel for all, and rendered humanitarian aid. All of this has produced results. There is virtually no waiting list for a nursing home for the elderly in our city now. It has become possible for the people to refrain from parting with their native homes in their old age.

[Kronik] Roza Khizirovna, the desire of the ispolkom to help all who are in need is understandable. However, as they put it, the city budget can only be stretched so far.

[Beppayeva] Of course, the city budget is insufficient. However, public organizations such as the Council of War and Labor Veterans, societies of the handicapped, the deaf, and the blind, the Red Cross Society, courtesans, women, the Peace Fund, the "Charity and Health Fund" and the Children's Fund have also become involved in resolving the issues of improving the social and living conditions of the aforementioned categories of the populace. Our nascent commercial structures, among which we find the Forum corporation, the Cheget exchange, and a number of cooperatives are not indifferent either.

As you can see, at present all kinds of organizations are involved in charitable work—from labor collectives and local soviets to churches. This seemingly favorable fact notwithstanding, there is concern: Could this be a campaign of sorts, virtually a fad? After all, all unfortunate need actual concern for their lot and the welfare of human contact. It also concerns us that such aid, even if timely and wholehearted, is clearly sporadic and cannot be used as a permanent source for the financing of social programs. The lack of cohesion, duplication, and the absence of a unified structural organ which would coordinate the activities of all involved in the issues of families, children, and the social defense of low-income citizens are becoming increasingly obvious.

Incidentally, such an organizational committee for family affairs and demographic policy has been created under the Council of Ministers of Russia. Unfortunately, in our republic they are in no hurry to create such a structure.

[Kronik] In a word, charity alone will not suffice in this instance.

[Beppayeva] Undoubtedly, a clear-cut system of government for the low-income strata of the population, undoubtedly, which will be bolstered by funding. We also understand something else: Overcoming this crisis will not be achieved by routine measures alone, and therefore, improvements in our lives will not materialize. At present, the main objective is to create an effective economic system around human needs, and to set in motion market mechanisms which will make people interested in the results of their labor. The first steps in this direction have been taken.



artificial restrictions on the development of small business have been repealed; the ispolkom itself has set up seven associations and small enterprises. Efforts associated with the privatization of property have advanced to a practical stage, as a result, the city budget is projected to take in between R300 and R500 million rubles this year. These funds will be primarily allocated to carry out social programs.

**Report to Bashkortostan Supsov on  
Political-Economic Situation**

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in Russian 28 Feb 92 pp 1, 3-4

[Report of M. G. Rakhimov, Chairman of the Supreme Soviet of Bashkortostan, at the 10th Session of the Republic Supreme Soviet, 22 February 1992: "On the Political and Socio-Economic Situation in the Republic"]

[Text] Respected People's Deputies!

Our session is being held at an exceptionally complex time. The USSR has ceased its existence and the Commonwealth of Independent States has been formed. The process of its international recognition is going on. Judging by the first documents, the Commonwealth is not a state but a rather flexible formation having only consultative organs.

These and other circumstances create a completely new socio-political situation for sovereign Bashkiria. Its geopolitical situation and relations with the other states and republics are being substantially changed.

As is well known, by the former all-union legislation Bashkiria, like the other republics, was deemed a subject of the Union. On 11 October 1990 the republic's Supreme Soviet unanimously adopted the Declaration of the state sovereignty of the Bashkir SSR. We actively participated in the Novo-Ogarevsk process. The signing of the Union treaty of 20 August 1990 [sic] meant the juridical recognition of the new status of Bashkortostan.

The August putsch disrupted such a development of events. The GKChP [State Committee for the State of Emergency], completely ignoring the sovereignty of the republics, restored their division into union and autonomous. Unfortunately, after the putsch the leadership of Russia joined fully with the "scoundrels" on this question.

Renunciation of ranking the republics by size has also not been reflected in the documents concerning the creation of the Commonwealth of Independent States [CIS]. The leaders of the member states of the Commonwealth to date have not spoken out on this question, which concerns the fate of millions of people. This has markedly exacerbated the socio-political situation in the former autonomous and now sovereign republics, although in words the leaders of the CIS states, Russia in particular, sort of respect our independence. However, in the draft documents concerning the national-state structure of the Russian Federation, we are again in the situation of oblast autonomy: the prospect of independent development has been closed to

us, and we are deprived of what we have achieved in recent years in strengthening the state status of Bashkortostan.

Under these conditions the republic's Supreme Soviet must affirm the basic principles of the Declaration of the State Sovereignty of the Bashkir SSR.

We understand perfectly well that our future depends a great deal on relations with the Russian Federation. We consistently speak in favor of a serious renewal of Russia itself and we stand firmly for the central power declining to command the republic and its economic, cultural-spiritual and social sphere. Bashkortostan is openly aiming for the conclusion of an equitable Treaty on the bases of inter-state relations with the Russian Federation. As is well known, the draft of such a treaty has been discussed and basically approved by the republic's Supreme Soviet. The public is also familiar with the draft. The document has been submitted to the leadership of Russia. The difficult process of agreeing on its basic provisions is going on. We want honest and economically mutually beneficial relations. For us there is no doubt that our treaty relations with Russia are historically justified and are natural for the present stage of democratic development.

In the negotiations we have proceeded and will proceed from the fact that Bashkortostan is a sovereign state and retains for itself all absolute state power in the entire territory beyond the limits of the rights voluntarily handed over by it to the Russian Federation.

Paramount importance is attached to the Treaty even more because its conclusion will be juridical recognition of the state sovereignty of Bashkortostan. It is also obvious that the establishment of treaty relations with the Russian Federation opens up real possibilities for the retention and continuation of close economic and other relations with the other independent states of the Commonwealth and with foreign countries.

Considering the complex economic situation, we have concentrated attention on the immediate conclusion of an intergovernmental agreement between Bashkortostan and Russia on economic cooperation. It appears that the Presidium of the Supreme Soviet and the Council of Ministers should accelerate this process and conduct it more urgently and consistently. And immediately proceed to the preparation and signing of a treaty concerning the bases of inter-state relations.

To accelerate this work, groups of experts will be created under the Presidium and the Council of Ministers in the very near future for a number of branches of the national economy and social and cultural construction and for humanitarian problems, legislation, judicial reform and the organs of law and order which, taking the observations and suggestions of the people's deputies and public of Bashkiria [into account], will prepare the necessary materials.

At the same time democratization of relations with the center is encountering additional difficulties. There are people in the leadership of Russia who take a tough position with respect to Bashkortostan and hinder the

process of the consolidation of its state sovereignty. Some even are not averse to retaining administrative-command methods of administering the republic. Cases when decisions infringing upon the rights and interests of the peoples of Bashkortostan are taken in the center without coordination with us are evidence of this in particular.

The draft of the new Constitution of the Russian Federation is the theoretical basis for opposition to the consolidation of the republic's state sovereignty and the establishment of equitable treaty relations with the Russian Federation. It has been published in the press and distributed to the country. We cannot accept many of its provisions since they ignore the republic's Declaration of state sovereignty, deliberately pass over the rights of peoples to self-determination and independent development accepted by the international community and deny the treaty character of the interrelations of states with the Russian Federation. The Supreme Soviet of Bashkortostan openly declares that it cannot support the draft of the new Federal Constitution in such a form. We think that it is necessary to continue work on the democratization of the public life of Russia and of its national-state structure. Seeking to be a subject of a new and truly democratic Federation, the republic will do everything within its power to continue a constructive dialog in order to conclude a Treaty on the bases of inter-state relations and to set up comprehensive mutually advantageous collaboration with all republics of the former Union, including also with the members of the Commonwealth of Independent States.

We think it impossible in principle to submit this draft in its present form for the consideration of the Russian Congress of People's Deputies prior to coordination of the "The Federative Structure" section of the draft Constitution with the authorized representatives of Bashkortostan. In case this still happens, we will recommend to the people's deputies of the Russian Federation from Bashkortostan that they bring our position to the attention of the congress and uphold it.

We need legal defense of our rights in this situation. We should affirm and secure the supremacy of the Constitution of the Bashkir SSR and its direct operation in the entire territory of Bashkortostan. We need constitutional monitoring for the purpose of guaranteeing the conformity of the provisions of legislation and the practice of its application and of the activity of the supreme organs of power to the Basic Law of the republic. The Constitutional Court of the Bashkir SSR is being created to implement it.

It should be stipulated here that we do not pretend to the exclusivity of our legislation and do not intend to ignore the laws of the Russian Federation. These laws, edicts of the President, and other acts of the supreme organs of power and administration of Russia, promulgated within the limits of their powers, are obligatory for execution by all state and public organizations, officials and citizens in the territory of the Bashkir SSR if they do not contradict the republic's Declaration of state sovereignty and its Constitution.

Judicial reform is one of the important directions of law drafting activity and a necessary condition for the functioning of Bashkortostan as a sovereign state. It also will be carried out in the very near future.

One cannot help not saying more about one attribute of a sovereign state—its name. We need to come to an agreement at this session about how our republic should be called—for it is clear that the previous name has outlived itself and does not correspond to present realities.

We are often accused that we want to pull down a unified Russia. This is not so! We want only one thing, to consistently strengthen its federative structure so that it first of all would become an association of sovereign republics on a treaty basis and not a conglomerate combining territories or lands. This means that we are for the development and realization of B. N. Yeltsin's proposition concerning the establishment of state sovereignty "from the bottom up" through the sovereignty of each subject of the federation.

Our regular meeting with B. N. Yeltsin took place on 21 February. Questions related to the agenda of the present session of the Supreme Soviet were also an item of discussion. A position concerning loyalty to the principles incorporated in the Declaration on the state sovereignty of Bashkortostan was convincingly stated on our part and the need for speeding up the signing of an economic agreement between Russia and Bashkiria as the first step in the movement towards an inter-state Treaty was emphasized.

Referring to our problems with understanding B. N. Yeltsin again affirmed the importance of increasing the republic's independence in the course of the renewal of Russia. Apparently, the question of moving the negotiations to the rank of inter-state negotiations will be resolved in the Supreme Soviet of the Federation. Such an approach does not inspire optimism because, unfortunately, the Supreme Soviet, until now in a post-August state of euphoria, is not ready to resolve questions of national-state structure taking the realities which have developed into account.

As you know, our first meeting on the question of filling our Declaration with real content and on signing an economic agreement took place on 14 December already. Then B. N. Yeltsin's instruction was essentially blocked by the government of Russia. This time he gave specific instructions to have a draft of the pertinent document prepared in two days. Yesterday our delegation, headed by M. P. Mirgazyamov, flew to Moscow for joint work with the Russian government. He has to move our problem from understanding to the level of practical decisions.

Meanwhile the striving of the leadership of Russia towards unitarism is manifesting itself ever more clearly. Judge for yourselves. Even such global decisions as the founding of the CIS are taken without consultations, even without warning, and, you see, the question is one of the fate of the many republics and peoples who have been within the bounds of this process.

The center is acting in a similar fashion also in the taking of other state actions. We cannot, for example, count on the

such a formulation of the question when the center, thoughtlessly, with a stroke of the pen, proposes to liquidate the kolkhozes and sovkhozes. And it does this in the spirit of the best traditions of indiscriminate collectivization. Unfortunately, we have blindly complied with this decision, not taking the traditions and characteristics of the republic which have developed into account. The Presidium of the Supreme Soviet was forced to abrogate the decree of the Council of Ministers on this question.

Or the Agreement on delimiting subjects of authority and plenary powers between the federal organs of state power of the Russian Federation and the organs of power of the republics, krais, oblasts, autonomous oblasts, and autonomous okrugs in the Russian Federation. Having adopted such a document and having offered it to us for discussion, the Presidium of the Russian Supreme Soviet pretends that we have no Declaration of the state sovereignty of Bashkortostan which has been unanimously adopted by the authorized representatives of the people, the deputies. In the process the question of the political and economic independence of the republic is intentionally replaced by the nationality question. An attempt is being made under the pretext of not permitting the disintegration of Russia to keep the former autonomies in the previous rigid dependence

In this connection I would like to again emphasize that social relations, first of all the economic, do not recognize national differences. Economic relations can be equitable or inequitable regardless of the nationality of the economic subjects. Therefore, when one is talking about achieving the economic independence of our republic, the point is that all its inhabitants, regardless of nationality, should fully enjoy the results of their labor and not hand over a significant portion of them without compensation to someone on the outside. One cannot confuse the situation when a Russian in Moscow appropriates part of the results of labor from a Russian in Bashkiria without payment with the nationality question. What nationality question is this? This is a question of economic inequity.

It needs to be emphasized again that, in speaking about economic independence, we do not wish the disintegration of Russia and we are not talking about breaking off economic ties with other regions. On the contrary, we are for the retention, consolidation, expansion and enrichment of these ties when they are converted to equitable and equivalent paths of action under market relation conditions. Some leaders of the Russian Federation threaten us with the rupture of these ties if we seek independence very vigorously. If such a thing occurs it will be a continuation of the same unjust diktat now by means of economic blockade as took place when they froze foreign exchange accounts for us for the development of the agro-industrial complex.

In connection with what has been said I would like that all people's deputies, all inhabitants of the republic would realize that they are, so to speak, a single "economic family" and unite to defend our common interests.

I want to again urgently declare that precisely the interests of the multi-national people of Bashkortostan as the highest value determine our approaches to evaluating the political situation in Russia and persistently require from us consistent steps in the name of filling the Declaration of sovereignty with real content. This is our main priority and we will follow it rigorously. Therefore in the present version the draft Agreement on delimiting subjects of authority and plenary powers cannot be signed by the authorized representatives of Bashkortostan.

Under these conditions it is especially important that no one should rock the boat within the republic. It is necessary to achieve firm support for our undertakings and to consolidate the population not around some single national idea but on the principles of a general interest in the normal development of the economy as the sole condition for protecting the people from the shock therapy of the reforms being carried out.

The Sixth Extraordinary All-Bashkir Congress was held two months ago, the work and decisions of which do not at all contribute to the unity of the multinational people of the republic. I want to emphasize conclusively that the organs it chose will be perceived by the Supreme Soviet in accordance with the Constitution of the Bashkir SSR and other laws in effect in the republic's territory solely as a voluntary organization.

Yes, the congress inflexibly posed the question of filling sovereignty with real content. Such a formulation of the question appears reasonable. And we are sure that with the support of public forces the organs of state power and administration of Bashkortostan will succeed in accomplishing this important task. However, all very important problems must be resolved within the framework of the law and in the interests of all the people populating the republic.

What has been said also applies in no less measure to the Tatar Public Center, the activity of which also does not contribute to the consolidation of the population. Let's give up personal ambitions and act in the interests not of individual representatives of a particular people but in the interests of the entire multinational population of Bashkortostan. Other paths lead to a dead end.

Of course, the social and political situation in the republic requires that the power structures search for new and unordinary forms of work.

First of all, we need our own law regulating the activity of voluntary organizations, national movements, cultural centers, etc. We have already registered 72 of them, including two national parties and 15 national centers and clubs. The state structures, both in the Supreme Soviet and the Council of Ministers as well as in the localities, which are called upon to deal with the various public formations in the name of the state need to be strengthened. I think that the time has come to create, in accordance with articles six and 103 of the Constitution of Bashkortostan, a Consultative Council for the permanent exchange of opinions with the representatives of all social forces.

On urgent problems it also would be advisable to conduct a public expert appraisal of laws and decisions being adopted with their help and to organize regular meetings and consultations, "round tables," and conversations. We already have the first experience in this direction.

It appears that under conditions of the extreme politicization of life the role of the organs of state power and administration in society must grow. Only a strong authority is capable of implementing the reforms and of not permitting anarchy and chaos. In this connection it is very important to strengthen the vertical structures, to introduce the institution of heads of local administrations who will carry out executive and administrative functions on the basis and in fulfillment of the laws of Bashkortostan and the decrees of the Supreme Soviet and will guarantee the rights and legitimate interests of the organs of citizen self-administration. I think that from the point of view of our Constitution it would be correct and democratic to confirm the heads of local administrations in the Supreme Soviet or its Presidium. This will increase the authority of the local power. At the same time it does not mean their removal from under the operational control of the Council of Ministers. In our view this measure will permit strengthening authority in the localities and will increase its influence on the processes occurring in the economy and in the social sphere.

The mass information media can do much to consolidate society. We have done and are doing everything so that the organs of state power and administration would have their own organs of the press, would explain their positions to the people and inform them about the work being carried on. The press operates under conditions of economic, political and ideological freedom. In accordance with its new status the Ministry of the Press and Mass Information has been created, the chief task of which is to ensure the functioning of newspapers, journals, television and radio within the framework of the law. We need our own law on the press. We want also that in the same measure as the press is free our population should be protected against the slander and kindling of national and social dissensions which still take place on the pages of individual publications. The interests and well-being of the population of Bashkortostan demand this.

And now I would like to dwell in greater detail on the problems of the economy.

You and I in our legislative acts have time and again affirmed our principled position that the strategic line in economic development is the achievement of complete independence. However, the implementation of this strategy has proven to be a difficult task.

Under conditions of the radicalization of the economic reform, the liberalization of prices and the privatization of property the urgency of conducting an independent economic policy not only is not abating but is even undoubtedly increasing. Not being independent we cannot properly conduct our own reforms and cannot accomplish the tasks confronting us.

In the context of what has been said I would like to dwell on our internal republic factors which stand in the way of the realization of economic independence. The point will be that, in the first place, no one will give us this independence on a platter if we ourselves don't find civilized methods to achieve it and do not properly organize for it. Secondly, we are not achieving economic independence in many spheres where no one prevents, hinders, and forbids us.

In this respect every one should look the truth in the eye and acknowledge his share of responsibility for what is going on in the economy. It needs to be said by way of self-criticism that our Supreme Soviet has fallen short in many respects. We have often vacillated, shown indecisiveness, and run idle a lot. We not only did not anticipate the course of events but even did not provide the necessary legislative base for measures to achieve economic independence on the foundation of the Declaration of the sovereignty of the Bashkir SSR.

As a result our republic's economy continues to remain dependent on the economy of Russia and experience the unhealthy influence of all the mistakes of the Russian leadership.

We cannot further continue to blindly copy all that is being done in the Russian leadership. Our republic's economy differs too greatly, let's say, from the economy of Kursk Oblast or the Kalmyk SSR to apply the same standards to it. We have our own scale and structure of the national economy and specific demographic and socio-economic conditions. Because of this the price liberalization procedure which is now being implemented has proven to be very unfavorable for the republic. It sets ceilings for the prices of products whose production predominates in our republic and frees the prices for goods which we import. That is, it aggravates an unbalanced exchange which is unfavorable for us. Possessing an economic potential which exceeds the potential of many CIS countries with a far smaller population, we ought to have the same degree of economic independence.

Unfortunately, under conditions of a disruption of economic ties and the carrying out of radical reforms, we have not been able to achieve sufficiently coordinated interaction of the individual sectors, subdivisions and enterprises of the republic.

Coordinated operations and the mutual assistance of the republic's businesses needs to be achieved on the basis of the setting up of intra-republic barter and other forms of economic ties. In this respect the recent agreement between the Salavatnefteorgsintez Production Association and the Bashkir Electric Equipment Association deserves all kinds of support and dissemination. Such a form of mutual relations should receive broad development among all enterprises, associations and businesses in the republic. Coordinating measures on the part of the Council of Ministers are needed for this. The recently created Ministry of Resources and Interregional Relations should play a large role in this question. A special organ for setting up



and coordinating intra-republic ties between enterprises and businesses should be created within this ministry or in another structure.

The results of 1991 attest eloquently to the complexity of the situation.

The deterioration of the economy and of finances has continued during the time that has elapsed. Expanded reproduction funds and state reserves, resources to meet personal and public needs, have dropped appreciably.

The crisis has manifested itself primarily in the consumer market. A shortage of practically all goods and especially of foodstuffs has developed. The increased money incomes of the population not covered by goods have intensified the pressure on the market. Considerably less grain, vegetables, potatoes, sugar beets, and sunflowers have been obtained. The reduction in the production of livestock products has led to a drastic worsening of the supply of food products for the population. Inflationary processes have intensified.

Despite considerable difficulties a certain stability in construction is being observed. At the same time utilization of the construction industry's capacities has declined. The production of the panels for large-panel housebuilding and of prefabricated reinforced concrete structures and products has decreased significantly.

Great difficulties have arisen in retail trade. Some 9,784 million rubles' [R] worth of consumer goods were sold to the republic's population during 1991. The trade turnover increased 1.8 times in monetary terms. However, in comparable prices, it declined by R188 million or by 3.5 percent. The outstripping growth of the population's money incomes, deferred demand, as well as the low growth rates for the production of goods, exerted a destabilizing influence on trade and on the circulation of money as a whole.

Speculative demand, which has developed in practically all commodity groups, has swept everything from the counters, trading has been done from trucks, and commodity stocks have been reduced to a minimum.

The negative tendencies in the economy, the disruption of economic ties between enterprises and branches of the national economy, the deterioration of the financial condition of enterprises and associations, and the absence of a developed system of taxation demanded the constant attention of the republic's Supreme Soviet and government to the course of the fulfillment of the budget and to securing the financial resources for the measures contemplated for the social and economic development of the republic.

The republic's state budget in 1991 was fulfilled in the amount of R4.6 billion with an excess of revenues over expenditures of R687,400 million [sic] through the additional attraction of funds

Enormous financial resources have been required for the social protection of the population in connection with the rise in retail prices. Some R1.9 billion have been directed

for these purposes through the overfulfillment of the revenue portion of the budget and non-budget sources.

The beginning of 1992 is developing extremely unfavorably. The situation is aggravated by the fact that normal functioning of the national economy has to be achieved under conditions of radical economic reform, price liberalization, the creation of market structures and the implementation of large-scale programs for the social protection of the population.

Under these conditions, the fact that the republic's government, unfortunately, still has not been able to totally fulfill its role of an organ for drawing up and implementing an active economic policy provokes anxiety in the opinion of many. Called upon to radically alter its work style after the adoption of the Declaration of the republic's sovereignty, the government is just beginning this work. The economic subdivisions, led by the Ministry of Economics, the former Gosplan [State Planning Committee], are taking a completely passive position. And, you see, the basic role in transforming the strategic line for the achievement of economic independence into tactical steps for its implementation belongs to them

It appears that the Council of Ministers should approach the Russian documents more creatively and not wait for them, but introduce their own draft legislation, especially regarding the most important economic questions. In many respects privatization in the republic has been held back by the absence of the appropriate legislation. They have waited for the drafts from Moscow. And here today a draft of the Program for the privatization of enterprises is being introduced for our consideration.

We cannot put it off any further and we need to adopt it. But one ought to think a bit about the fact that this program should first of all conform to the interests of the market and the population of Bashkortostan

The question of the denationalization and privatization of property requires an especially carefully chosen and well thought-out approach. Careful accounting of the special features of our republic and of the structure of its national economy is also required here

The production funds of the branches of heavy industry predominate in the republic's industry while the share of the funds of the light and food industries and the non-production sphere is insignificant. The stages, procedure and mechanism for privatization on the basis of a thorough knowledge of the economic condition of each enterprise must be accurately thought out in the program for the privatization of property in the Bashkir SSR. At the same time it is necessary to seek to have inhabitants of our republic become the owners and that its economic potential as a full-fledged participant in market relations with other regions be retained.

The sphere of monetary circulation and the banking business has become a very important sphere which in the last few years worries everyone. Of course, this is the most sensitive channel through which the Russian bank can literally "seize" the entire economy of our republic "by the

throat." It is extremely important to have secure independence precisely in this sphere exactly for that reason. With a skillful professional approach one can achieve a sufficient degree of independence and eliminate obvious discriminatory means of control even here. For example, is it really normal when the Savings Bank of Russia deals with the multi-billion sums of the depositors of our republic at low interest rates but the Central Bank of Russia allocates resources to us at interest rates raised two and a half times too high.

Obviously, we still need to adopt the law on banks and banking activity in Bashkortostan that has already been drawn up but has been put aside for now. The role of the National Bank of Bashkiria in regulating monetary circulation and credit relations needs to be strengthened. Exactness towards the functioning of commercial banks needs to be increased. Many of them have been carried away by the accumulation of speculative capital, by the expenditure of money for populist purposes and not for the development of the national economy and the solution of the social problems of all the inhabitants of the republic. In spending accumulated capital to pay undeservedly high salaries to a narrow circle of their own employees and overfilling the monetary channels, the commercial banks contribute to the intensification of inflation instead of limiting it.

Of course, in regulating monetary circulation and price determination we again have been restricted by the strong attachment of our republic's economy to the economy of the Russian Federation. We can have an influence on these processes through the comprehensive solution of all our economic problems and strengthening the unity and independence of the republic's economy. However, one cannot forget that the main thing is to produce goods in sufficient volume to correspond to the money in circulation and to accelerate its circulation. If we achieve this within the republic, then no external shocks will endanger us.

Implementation of an anti-monopoly policy and stimulation of new economic structures is an important area of the work of the republic's economic services. All government organs, starting from the ministries of economics, finances, and state property and ending with all other ministries and departments should join in the sacred cause of protecting the consumer from monopolistic diktat. Obviously, each of them should have its own program for restricting monopolistic activity and encouraging new economic structures and protecting the consumer from monopolistic robbery. Therefore the decree of the Bashkir SSR Council of Ministers dated 13 February 1992 "On State Regulation of the Activity of Monopolist Enterprises in the Bashkir SSR," which consists of only five paragraphs and insignificant measures, is manifestly weak. The entire burden of the anti-monopoly struggle has been laid on the small staff of the Bashkir State Committee for Anti-monopoly Policy and Support of New Economic Structures, while other organs are out of the picture.

Activation of entrepreneurial activity in the republic should be considered a positive phenomenon. True, so far this activeness is manifested for the most part in words and

in the congress and convention of entrepreneurs that have been held. However, we should give the appropriate support to the development of entrepreneurial activity so that it should become a real source of the goods the population lacks.

At the same time we should not overlook the fact that the basic share of our output—up to 90 percent—is produced at very large enterprises. Therefore we need to activate work on forming a union of experienced and powerful producers from the stratum of entrepreneurs that is springing up and to create the legislative base for this.

The fact should be acknowledged that to a considerable extent we have let the formation of new market structures slip from under control, coordination and our participation. The pertinent commissions of the Supreme Soviet and the state and soviet organs are of little help in setting up new production associations, exchanges and other commercial formations. There is no initiative to amend Russian laws in these fields to fit the conditions of our republic, not to mention creating our own legislative acts. For example, we don't have a law on exchanges, although they are springing up like mushrooms. Why shouldn't our commission on legislation draw up such a law?

The new tax policy of the Russian government is causing "toothaches" and "heart attacks" among many now. Because of the insolubility of the problems in the achievement of economic independence already designated, we cannot help complying with this policy. Under these conditions our goal can be only to use the tax system being dictated to us in the interests of replenishing our own budget. To do this it is necessary, as I have already said above, to secure the implementation of our law on the republic's budget system in the form in which we adopted it. However, we cannot rule out, as economic independence is achieved, drawing up and adopting our own law on the tax system which would create favorable conditions and stimulate the production activity of our enterprises, businesses, and all forms of entrepreneurial activity.

Among the many tasks the most important problem is the strengthening of the foreign economic independence of our republic and the feasibility of establishing our own gold and foreign exchange fund for the independent solution of many critical problems. We cannot tolerate other people later selling the results of our labor on the foreign market and giving us only crumbs from the foreign exchange earnings. We cannot permit that the accumulated problems of the scientific and technical renewal of our national economy and the solving of social problems should continue to depend on the whims of an "outsider uncle."

#### Respected People's Deputies

For the social protection of the population under price liberalization conditions the government in the first quarter of this year freed all payers in the territory of the republic from paying the value-added tax on the sale of livestock, meat and meat products, and milk and dairy products. The situation is currently being stabilized both with respect to the receiving of goods into the trade network and to the revival of consumer demand. The

volume of trade turnover in February-March will be on the order of 70 percent of the corresponding period of last year.

The role and responsibility of the executive committees of local soviets for organizing the trade servicing of the population is increasing many fold in connection with the commercialization of trade and public catering enterprises, their conversion to municipal ownership, the breakdown of the vertical system of branch administration, as well as the liberalization of prices. In essence the executive committees will be directly involved with these questions.

A no less pressing problem is the stabilization of the market for paid services. The republic has the means to significantly exceed the R3 billion figure being forecast for paid services. A great deal will depend on the local soviets here. A change in the structure of the enterprises, abolishment of superior elements, and their transfer to the ownership of the rayons and cities demand the serious attention and help of the executive committees.

The housing problem in the republic remains a source of social tension. Under these conditions we cannot take the path of reducing housing construction and will be forced to consider the question of redirecting funds and material resources to individual construction.

The Ministry of Finance should review the procedure for the financing of and granting of loans to individual construction, aiming at the creation of systems of special-purpose cumulative investments and the granting of loans on favorable terms, including the granting of no-interest loans to builders. Preferential taxation of the part of the profit of enterprises and organizations directed to giving help to their employees for individual and cooperative housing construction at the rate of 50 percent of the established amount should be established.

To stimulate the work of rural construction organizations it is being contemplated not to tax construction projects erected in the established standard time periods.

A draft program for the social protection of the population, which will be set forth in the report of the Chairman of the Council of Ministers, has been developed for the purpose of strengthening the social protection of the badly-off and other groups of the population under conditions of the liberalization of prices and the conversion to market relations in the republic.

Very large funds will be required to implement the program. The Ministry of Finance, the State Tax Inspectorate, and the executive committees of the rayon and city soviets need to work purposefully at finding additional financial resources, to tighten financial control over the timely and complete receipt of revenues and to secure sources for financing not only measures for the social protection of the population based on decisions that have been taken but also based on those which will be taken throughout the entire year of 1992.

Comrades!

In summarizing what has been said, it should be said that persistent and protracted work in all directions lies ahead of us. Reforms need to be advanced decisively, corrections made where necessary, and social programs implemented consistently. We all must realize with total clarity that the main condition for the success of all our undertakings is social and political stability, consolidation of all the healthy forces of the republic, and unification of the efforts of state structures, voluntary associations, market formations, and the entire population.

Only by consistently asserting our independence and painstakingly and persistently working on our own behalf in the republic will we be able to accomplish the large-scale tasks that have been set in the name of the well-being and tranquillity of the people of Bashkortostan.

### **Economic Reporting From St Petersburg**

#### **Housing Privatization Statistics for March-April**

924C1399A St. Petersburg SMENA in Russian  
16 Apr 92 p 2

[Article by Vladimir Kovalev]

[Text] According to information received from the city hall committee on social problems, 119 additional apartments worth a total of 420,240 rubles were privatized in the city in March-April.

#### **Mayor Authorizes One-Time Payment for Pensioners**

924C1399B St. Petersburg SANKT  
PETERBURGSKIYE VEDOMOSTI in Russian  
22 Apr 92 p 3

[Article: "City Hall Press Center Reports"]

[Text] The mayor of St. Petersburg issued a regulation: "On the Payment of One-Time Compensation for Individual Categories of Pension Recipients." The Social Security Administration was instructed to pay for February 1991 one-time compensation in the amount of 200 rubles to pensioners and persons receiving a pension in connection with the loss of the breadwinner for two dependents and more.

#### **Fund To Support Private Farming Established**

924C1399C St. Petersburg SANKT  
PETERBURGSKIYE VEDOMOSTI in Russian  
24 Apr 92 p 4

[Article by Ye. Dushkina: "St. Petersburg—for Farmers"]

[Text] This is the name of the city and regional fund for support for private farms established in our city. The first meeting of the founders of the new fund, which the city hall committee on foreign relations, the "Sodeystviye" [Assistance] Association of Peasant Farms, and the "Rossiyskiy Farmer" [Russian Farmer] fund for the support and development of private farms became, was held in Smolnyy yesterday.

"The idea to establish such a fund was born last fall," A. Sobchak, mayor of the city, said at the press conference held after the meeting. "According to an agreement with the governments of Great Britain and Sweden and with the senate of Hamburg, the income from the sale of humanitarian aid from these countries enters a special account for assistance to private farms in the oblast. Thus, humanitarian aid has become not only a support for the city under conditions of the acute food shortage, but also a catalyst for the economic development of rural areas."

The account of the new fund now has 20 million rubles, but another 80 million from the "Rossiyskiy Farmer" Fund and other proceeds are expected before long. As V. Putin, chairman of the city hall committee on foreign relations, reported to journalists, a total of about half a billion rubles will be collected. How to spend this money in the most expedient manner? According to an agreement with the Government of Great Britain, specific farmers should receive it. There is also another point of view—to assign the money for the development of the infrastructure of private farming.

"We will probably work in both directions," V. Putin noted. "Credits for farmers will begin to be issued as of 1 May and on the most favorable terms at that. Moreover,

the fund's resources will be used for the purchase of seeds and other immediate needs. The first ship with seed potatoes from Scotland will arrive in our city at the beginning of May and trucks from Germany will be delivered especially for farmers."

V. A. Antonov, deputy of the oblast soviet, was appointed director of the fund "St. Petersburg—for Farmers." Managers of rayon farmers' associations will submit the list of farmers, who will receive credit, to the fund's management.

### Mayor Frees Bread Prices

924C1399D St. Petersburg SANKT  
PETERBURGSKIYE VEDOMOSTI in Russian  
25 Apr 92 p 1

[Article: "City Hall Press Center Reports"]

[Text] The mayor of St. Petersburg signed a regulation on bread prices. According to this regulation, as of 27 April the sale of bread and bread and flour products to the city population is transferred to free prices. It is ordered that 50 percent of the amount of revaluation of bread and flour products be assigned to the city fund for social support for the population.



## POLITICAL AFFAIRS

### Parallels Drawn Between Communist Party, Rukh

92UN12734 Kiev MOLOD UKRAYINY in Ukrainian  
21 Apr 92 p 2

[Article by Oleh Strekal in the rubric "Point of View": "A Triumphant Path into Oblivion?"]

[Text] The moment that Vyacheslav Chornovil resigned from the position of chairman of the Lviv oblast council may be regarded as the beginning of his preelection presidential campaign, the beginning of a "polite war" with Leonid Kravchuk. No matter how hard the future presidential candidate might now try to soften his critical judgments, no matter what kind of "constructive opposition" he might talk about, it is not difficult to predict that the antagonism between the two politicians, one of whom has not acknowledged his defeat despite losing the election, will grow harsher with each day.

It will be caused by Mr. Chornovil's global aspirations, his determination to fulfill them, and the principal instrument of opposition, Rukh, the most numerous public-political organization in Ukraine, in a republic accustomed to measure the worth of the ideas put forward by a mass social movement precisely by the mass nature of the movement. Rukh is becoming the principal adviser of the incumbent President, but an adviser with claims to possess the deciding vote.

In this contest, society will receive a demonstration of the lessons learned from Soviet history. One of the contestants, who possesses the highest power, will attempt to hold onto it at any cost. The other—to take over this power, believing in accordance with the classic precept of pre-democratic thought, that only by climbing to the very top is it possible to fully implement planned changes.

Neither much welcomes opposition to his views; both are accustomed to "working" only with political dissidence, boldly recruiting supporters and strengthening their power strongholds. However, in the broadest sense, democratic government should essentially work against itself, cultivating primarily individual rather than group opposition, maintaining in each subject a critical approach to institutions, and thereby strengthening society's resistance to any form of spiritual and political expansionism, raising the threshold of man's reasonable rejection of government as such. However, independent thought is an unreliable ally, an untrustworthy partner in the vicissitudes of social and political struggles. For that reason the incumbent President remains his post owing in large degree to the fear of the impoverished population of future spirited freedom, and his probable successor chose for the success of his cause an organization that is strong precisely because of its collective mayhem, designated at this stage as national-democratic.

It is interesting that the party which Kravchuk renounced as "the almost party" and the "almost party" that Chornovil is now against for power are similar in many

respects. There is thus reason to believe that these "grey nags" that carried their riders to the top will share the same fate in the future.

It is no longer fashionable to call Rukh a "leading and guiding" force. Moreover, this superficial description requires direct analogies and does not explain the genetics of kinship. In our opinion, its successorship lies in the following.

While strengthening its influence over state life, Rukh in fact remains unaccountable. Therein lies the allure of all opposition. Often, the opposite happens: "Where there is success, there you have a party." Those are the two alternatives. Therefore, when Ivan Drach spoke at the recent congress of Rukh about "full responsibility for the fate of Ukraine with respect to its statehood and government," other speakers rejected this: let us first form a government of national trust, they said, and then we will speak of responsibility. Meanwhile, as its leaders admit, Rukh has already largely penetrated government structures and takes part in the decision-making of these bodies. Thus it is not quite clear where Benya ends and the police begins.

Sad though it may be, this respected organization has attracted a large number of people who carry little weight outside it, who feel important only as part of the group, only through their association with a large whole: "But if little people have grouped into a party..." They are easily led and, moreover, as constituents, they are 100 percent reliable.

The ideology adopted by Rukh reminds one in some respects of the "philosophy of the common cause," which subordinates the whole society, takes a skeptical view of loners, and mobilizes implementors to attain ends set by others. Part of this ideology is also the not incontrovertible notion of the nation as a monolithic, inviolable whole, the great unifier in the name of the great cause.

The following trait is also of some significance. Leon Petrazhitskiy, a prominent Russian jurist at the turn of this century, was the first to warn of the "danger of personifying any social creation as the embodiment of prevailing ideas." We hardly need to demonstrate that Rukh has acquired just this kind of personification, which exempts it from any potential negative attitude towards it, vests it with a nonexistent spiritual quality, and allows it to speak on behalf of the whole people.

All that has been said above gives rise to some doubts regarding the genuineness of the democratizing influence of the described entity on society, inasmuch as such entities have always been distinguished by a totalism of action. There is also some uncertainty about Rukh's effectiveness in performing administrative functions, inasmuch as, despite its pretensions to forming a government, we have not seen the emergence in its midst of qualified replacements for the governors it finds objectionable.

There is also a difference between the two mighty political formations—the historical one and the one now in existence. The essential difference is that the historical party

relied, above all, on its organizational strength, so that having lost its last leader in 1953, the system continued to function for nearly forty years independently, reproducing general secretaries and controlling them. The public movement relies primarily on generally recognized leaders. And the presence of "statesmen" makes any political group strong and well-known.

In the person of Chornovil, Rukh regained its lost sense of purpose, rejuvenated the idea of struggle, gained the opportunity to engage in what it is adept at doing: acting as someone's opponent, rejecting the actions of the government, and dislodging "unloved persons" from their posts. Secondly, it found a leader, who is perfectly suited to the nature and direction of the organization: quite popular and not completely compromised, an attractive orator, impulsive, masterful. The group, which in daily life represents an unrestrained, if not yet rioting in the square, meeting (in its response to irritation, eloquence, tendency to submit to the influence of leaders), was waiting precisely for this type of person, so that its spirits could rise, at least for a time, and it could experience a kind of rebirth.

Only the fate of the "reborn" seems to us predetermined: either the energy of destruction and rejection, which is progressively being directed inward at the political organism of Rukh, will provoke a "universal cataclysm" of the kind that is followed by the planet splintering into millions of meteors. Or, in the event of Chornovil's election to the presidency and the entry of the more or less able functionaries into government service—honorable service for life and a very long send-off into history.

## Politics of Crimean Separatism Outlined

92UN13184 Moscow LITERATURNAYA GAZETA  
in Russian No. 19, 6 May 92 p. 1

[Article by Sergey Kiselev, correspondent "The Crimea Nobody Will Win Anything That Way"]

[Text] If this peninsula does indeed "cast off" from Ukraine, it is not only the "hand of Moscow" which will be to blame.

I do not know whether the writer Vasiliv Aksekov will ever become an honorary citizen of the Crimean Republic, or whether his novel, "The Crimean Island," will become that "fundamental doctrine" from which the leaders there will dredge up quotations for their reports at meetings of the local party and economic activists. But it is undoubtedly the case that the above-mentioned work has turned out to be prophetic: The Crimea is shoving off from Ukraine just like an anti-submarine ship from its mooring wall. And the disputes between the Ukrainian and Russian parliaments as to whom the Crimea should belong to seem to be ending like the virtually classical phrase uttered in the Crimean parliament: "Nobody will win anything that way!"

Separatist tendencies in the Crimea have gone a long way and have almost reached their goal already. A considerable amount of the responsibility for this lies on the shoulders of Ukrainian President L. Kravchuk and his "eternal antipode"—Ukrainian People's Deputy S. Khmara.

The participation of these two persons in solving the "Crimean problem" began on 7 November 1990. In an underground crosswalk under the Kreshchatik S. Khmara—together with some of his followers—assaulted Police Colonel I. Grigor'ev. A videotape of this incident, made by operatives and shown on Central as well as Ukrainian Television, raised a wave of indignation in what was then the Crimean Oblast. And it also facilitated—to a certain extent—the convocation of an extraordinary session of the oblast soviet, which examined and considered the issue of creating state sovereignty on this peninsula in the form of a Crimean Autonomous Soviet Socialist Republic (saying that if such national-patriots as Khmara come to power in Ukraine, this would not affect us). L. Kravchuk, who was then chairman of the Ukrainian SSR Supreme Soviet and who attended this session, supported the idea of creating an autonomous republic in the Crimea, although de facto this conflicted both with the constitution of the Ukraine and the declaration of its state sovereignty.

Upon his return from the Crimea to Kiev, S. Khmara was deprived of his military rank and rights of the military and Leonid Makarenko Kravchuk and the shame and ignominy of the members of the Ukrainian parliament. He was arrested right in the Supreme Soviet building. And it was this same session the parliament of Ukraine consisted of communists united in groups, which had led by L. Kravchuk, which confirmed the decision made by the Communist Oblast Soviet.

In January 1991, the highest law (constitution) in the Crimea raised legal the core (statute) as the law on referendum that ruled on having and on the same problem in the USSR and in the Ukraine SSR) and since then the Russian (European) strategy of transition from a centralized into a federal (decentralized) state. The Crimean Tatars have cited this rule (article 74) of the constitution as some recognized as legitimate. On the other side, the law of the USSR (although M. S. Gorbachev did not fully support it) and the referendum was not a strong argument for the Crimean in Lithuania, as well as by the Ukrainian Supreme Soviet headed up by L. Kravchuk.

Meanwhile, the investigation into S. Khmara's case was continuing, while he himself was being held in the SIZO [expansion of *na gusei*: Russian *na gosudarstvennoe ispolneniye kazni*]. Materials were turned over to the court. Khodkov continued holding several sessions until the day Yuzov's death in Moscow. Shortly thereafter, the criminal case against S. Khmara was dropped at the instigation of chief of I. Kravtchuk.

After the passions over the subject had cooled in the Crimea when the advocates of the option were reduced to a bare majority, there came coincidentally the revolution of 1905. Another factor, rather than the republicanism of the *Marxists*, was the fact that a certain number of workers, although not *Marxists*, were beginning to favour such a step, and this was a considerable support.<sup>1</sup> Indeed, in 1905, the *Marxists* were so weak as scarcely to form a party, although they were the only group to have many publications.<sup>2</sup> They were, however, the only group to have a newspaper, the *Pravda*, which was founded in 1905.

bringing Easter eggs for that Christian holiday—Ukrainian People's Deputy S. Khmara paid a visit to Sevastopol on 1 March 1992. He brought 900 "boys," i.e., young toughs, from Western Ukraine and dressed in military uniforms, with him on the train. After this "démarche" almost 65,000 inhabitants of Sevastopol affixed their signatures in support of the referendum....

**Crimea Russian Society Condemned as Chauvinist**  
92UN1314A Kiev PRAVDA UKRAINY in Russian  
29 Apr 92 p 1

[Article: "The Old Folks Kick Up a Fuss: They Are Trying To Create a New Ethnic Group—The Russian-Speaking Population—on the Crimean Peninsula"]

[Text] Its "emergence" on the Crimean land was proclaimed in all seriousness on the last Saturday before Easter by a constituent assembly with an analogous name. As it was explained, the peninsula has 180 representatives of this new community of people (this number happens to coincide with the number of participants in the assembly); they consider themselves to be the successors of "Homo Sovieticus."

In opening this assembly, Anatoly Los, chairman of the Crimea Russian Society (not to be confused with the Crimean Society of Russian Culture), said straight out that, although a bunch of political bandits had brought about the collapse and destruction of the Russian state—which bore the name USSR for the past 70 years—all of us, whether Russians, Ukrainians, Tatars, or Jews, remain members of a single nation—the Russian nation. If the national or ethnic pride of Russian people were truly aroused—a pride which, in the speaker's opinion, lives in everyone, regardless of nationality—all problems would disappear by themselves because only Russians would be around. "New ethnic group of the Russian lands," Anatoly Los declared without further ado, "we are all with you!"

And subsequently everything went according to the script. On the one hand, something like an attempt was made to unite the Crimeans based on the Russian language; while, on the other hand, no attempt at all was made to conceal its superiority over the other languages involved. The Ukrainians "caught it" most of all, it turns out that they are also Russians and that their language is merely a dialect of the Great Russian language. It was explained that the participants in this constituent assembly do not accept the right of other peoples—particularly Ukrainians, for some reason—to self-determination. They consider that Russia must be restored to its 1917 borders.

After this should we be surprised that all the attempts made by R. Voyennyi, the representative of the Crimean-Tatar people who also attended this assembly, to draw its participants attention to the problems of the deported peoples and—by joint efforts—to achieve their complete political rehabilitation were simply "shouted down" and the door slammed in his face? And his words to the effect that all peoples had suffered equally from the repressions, but that his small nation—which had lost almost half its

population—was on the brink of dying out, and that all their hopes for restoration were connected solely with their historic homeland—such words were met with genuine indignation.

It's difficult to say which there was more of at this motley assemblage: Russian patriotism or the most barefaced chauvinism, when it was declared that the Crimea was witnessing a quiet, stealthy offensive against the Russian language, the Russian faith, and Russian culture—an offensive must be accorded a decisive rebuff. And it was here that—to the accompaniment of applause from the persons assembled—a motion was passed concerning the need to create a Crimean national-defense army in order to repulse the hated Ukraine.

One could look with condescension and understanding at such outbursts and expressions among young persons, who are immature and aggressive in their maximalism. But when persons who have gained some wisdom—if not by life, then at least by some practical, everyday experience—allow themselves such things, then the question arises willy-nilly about the passing on of wisdom from one generation to the next.

Well, tell me, then, what useful ideas can be passed on by grandmothers and grandfathers to their grandchildren if these old folks seriously declare that Russian nationalism really is patriotism, that Ukraine wants to annihilate Russians, that it needs an army in order to dominate the world, and that all officers who have taken the oath of steadfast loyalty to Ukraine are bandits, rogues, and rascals?

And, after all, it is precisely the older people—as Sergey Shuvaynikov, a Crimean people's deputy, declared at the constituent assembly—who are manifesting activism and shaping public opinion in the Crimea. And one cannot dispute the initial assertion. Indeed, the overwhelming majority of the participants in political meetings and pickets organized by the Crimean Republican Movement in support of the referendum for this peninsula's independence are persons of pension age. Poor people, pensioners, even on Holy Saturday—when persons of their age should be spending their remaining time together with God and thinking about their own souls—are given no peace. Just as before, they are on the cutting edge, and—just as before—they call either for the Crimea's independence or for the Black-Sea Fleet to remain with the CIS, but that the Russian St. Andrew's flag must be raised over its ships, or that a Congress of the Crimea's Peoples must be convoked no later than June. What is this? An illusion of seething public or social activism, a failure to understand what is going on, a vexation with the unsatisfactory quality of their own lives, or the ineradicable instinct of our notorious collectivism?

Fortunately, there are not too many militant pensioners in the Crimea. And it would be stupid to say with any seriousness that they are capable of shaping public opinion nowadays. They are merely puppets, naïve players in this terrible spectacle where a guilty uniform strangle the power

is taking place. But its principal characters are remaining behind the scenes for the time being.

### Official on Development of Consular Service

92UN1314B Kiev GOLOS UKRAINY in Russian  
29 Apr 92 p 11

Interview with Petr Sardachuk, chief, Consular Division, Ukrainian Ministry of Foreign Affairs, by Vladimir Savtsov; place and date not given: "An Unlocked Border"]

[Text]

### From the Files of GOLOS UKRAINY

Peter Sardachuk was born in 1938 in the Volynya region. He graduated from the Department of History at Lvov University. He worked as a schoolteacher and a school director. Nor did Sardachuk avoid or evade work in the party apparatus. After graduating from the Diplomatic Academy he served as the Soviet Union's consul general for five years in Krakow. Subsequently he held the post of chief, Polish Section, USSR Ministry of Foreign Affairs. Since December of last year Sardachuk has been chief, Consular Administration, Ukrainian Ministry of Foreign Affairs. He is a Candidate of Historical Sciences and has two grandsons.

[Savtsov] We can remember a time when any serious consular activity was the exclusive prerogative of Moscow. What has changed since Ukraine obtained its independence?

[Sardachuk] Since that time the process of creating the Ukrainian consular service has developed; moreover, it has done so virtually from "Ground Zero." We began by organizing a foundation of consular law, i.e., by signing appropriate agreements with foreign countries. As of today, such agreements are already operative in our relations with Poland and Hungary. Agreements on consular relations (regulating the status of Ukrainian citizens abroad and foreigners in our country) are in the preparatory stage with many countries.

[Savtsov] Is it true that your administration "feeds" hard currency to the entire Ukrainian Ministry of Foreign Affairs?

[Sardachuk] It is still too early to talk about that now, inasmuch as we do not yet have a ramified consular network abroad. But practical experience attests that—when and where a consular service does exist—it can indeed finance several other diplomatic services of the country involved. It does this by earning fees and charges for issuing visas, foreign passports, and by the notarial "legalization" of various kinds of documents (for example, those pertaining to inheritance). A great deal of money is paid for consular services. Suffice it to say that by issuing visas in the Ukrainian Ministry of Foreign Affairs consular center located at Kiev's Borispol'skiy Airport we earn from 30,000 to 40,000 dollars per diem.

But why limit ourselves to Borispol'skiy Airport? Are there not other border-crossing points? Entrance visas to

Ukraine are already being issued at our embassy in Germany; and this practice will be introduced soon in Poland, Hungary, Austria, Switzerland, the United States, and Canada. By the way, I want to dwell on the following symptomatic fact: The overwhelming majority of foreigners who want to visit Ukraine are businesspeople.

The procedure for going abroad has also been considerably simplified for Ukrainian citizens, although, of course, there are problems here too. For example, nowadays entrance visas are filled out directly in Kiev by the embassies of Germany, France, Canada, and Austria; the documents for entering India are issued by the latter's consulate general in Odessa, whereas the remaining countries—just as before—negotiate with us through their diplomatic missions in Moscow.

[Savtsov] By the way, speaking about Moscow, what kind of relations do you now have with that capital regarding consular service?

[Sardachuk] As of today, Ukraine has been recognized by more than 100 countries, half of which have already signed the appropriate agreements regarding the establishment of diplomatic relations with our state. Prior to 15 February of this year, however, there was the paradoxical situation whereby entrance visas to Ukraine were being issued by the representatives of another state. Such a situation could not be tolerated, and so—beginning on the above-mentioned date—we began to issue entrance visas along the entire Ukrainian border. This procedure will remain in effect until such time as the border network of the Ukrainian consular service has been set up; this border network will then engage in issuing entrance documents. At the same time we have sent notes to those states with which we have established diplomatic relations, as well as a letter to all of Russia's diplomatic missions abroad. These messages contained an urgent request that visas issued by them after 10 March of this year be considered invalid. Unfortunately, some of these missions failed to heed our request initially. As a result, there were several instances whereby foreigners showed their "Russian" visas to our border guards and then had to fill them out again in accordance with the procedure introduced in Ukraine.

Just as if a magic wand had been waved, reports began appearing in certain Moscow press publications. These reports cast doubts on the legal correctness of Ukraine's actions, although what they were really talking about was something considerably more prosaic. For example, an airplane carries 140 passengers from New York to Kiev; each of these passengers must pay 100 dollars for a visa. Of course, it is advantageous and profitable for the Russian embassy to fill out consular documents itself in order to be able to send 14,000 dollars to Moscow. At present, however, this amount is dissipated, and the situation has been stabilized.

[Savtsov] Perhaps we have talked enough about your work. How do you think that money can be used?

[Sardachuk] I have nothing to say about the way in which to relay these or those dollars. But, if I could, I am fond of historical monuments. For example, that was my



original major). And on weekends I take pleasure in fishing. But—I repeat—nowadays that is only a dream

[Savtsov] Thank you for granting this interview

## ECONOMIC AFFAIRS

### **Pylypchuk Proposes Alternative Tax Draft Legislation**

92UN1306A Kiev *PRAVDA UKRAINY* in Russian  
17 Apr 92 p 1

[Article by V. Vernodubenko, "V. Pylypchuk Proposes His Draft Legislation on Taxes and Payments For Individuals and Legal Entities"]

[Text] A press conference was held in Kiev on 15 April by V. M. Pylypchuk, chairman of the Permanent Commission of the Supreme Soviet of the Ukraine on Questions of the Economic Reform and Management of the National Economy. He proposed his own draft of the law of the Ukraine titled "Taxes and Payments of Individuals and Legal Entities."

I have repeatedly spoken at sessions of the Supreme Soviet about my personal concept of taxation which, unfortunately, has not been adopted. V. M. Pylypchuk stated. I suggest that my draft be published in the press. I believe that the old stereotypes and ambitions have been about up to now. Their essence is that if a law is not proposed by the Cabinet of Ministers and worked out in the parliament or by representatives of democratic circles, it is rejected. Today manufacturers strive to propound a lower level of taxes as a result of which there is a significant shortfall in budgetary revenue. In cases when an enterprise does not agree with the tax inspectorate, problems occur and the enterprise either does not yield or attempts to coax the tax inspector. In this or the other case the budget again loses revenue

Such a situation, V. M. Pylypchuk continued, brings about massive registration of new joint ventures beyond the boundaries of the Ukraine—in Russia and in Byelarus, where they pay taxes at lower rates. There is discrimination among different forms of property since private and collective types of property are taxed differently. Beside the fiscal system the tax system must also perform the functions of a regulator and stimulator of production. Since today this is not occurring a new tax system is being proposed which will ensure compensational revenues for the budget under conditions of hyperinflation

The draft legislation covers only four pages. It contains articles pertaining to personal income of citizens. The proposed approach differs from the traditional one. Today the incomes of citizens are taxed depending on the amount of income. Another method was proposed in which consideration is given to incomes received on a per capita basis. If they are low then the tax rates are also not high.

But what is particularly important is that it is proposed to establish reduced taxes for enterprises. Raw material branches, for example will have a tax rate of only 5 percent. The production sphere, including the processing

branches—8 percent and trade—12 percent. Proceeding from this, in the author's opinion, agriculture will be interested in unifying production of raw material and its processing while independently organizing the sale of finished products. As a result a collective farm or the farmer will be paying only a 12 percent tax. There will also be less work for the inspectors as well: settlement of accounts will become much simpler. The new tax policy also pertains to commercial banks which will make it possible for them to develop effectively.

The draft legislation provides for payment for land according to a differentiated scale depending on where it is located—in the center of town, in the outskirts, or in the countryside. Payments are set for living space, offices, hotels, restaurants, cafes, and stores. A special kind of payments-regulators for land use are being determined. Payment for land from which the harvest has not been gathered, except in cases of natural disasters, is raised ten-fold. We are speaking, first of all, about kolkhozes which, failing to gather the crops, are not economically penalized. This will accelerate the conduct of reform in the countryside

Thus the draft legislation has been proposed. Life will show whether it is adopted, rejected, reworked, or altered. It is clear to all, however, that the present tax system is hindering production, restraining its growth and will apparently not lead us into a market economy

### **Credit, Finance, Hard Currency Regulation Policies Outlined**

92UN1306B Kiev *GOLOS UKRAINY* in Russian  
11 Apr 92 p 7

[Article by D. Desyatnikov, *GOLOS UKRAINY* correspondent: "Bank Established, Has Own 'Basic Directions'"]

[Text] The National Bank of Ukraine is starting "with a clean slate," V. Getman, the recently appointed chairman of the board of the National Bank of Ukraine, described the current situation in just those words. Basic directions of the financial-credit policy of the Ukraine, along with questions pertaining to hard currency regulation, were discussed at a session of the board, which was attended by invited representatives from commercial banks. Following are the main points to come out of that meeting:

1. We must create our own financial system within the shortest period of time. One of the main tasks is to agree on settlement of accounts with countries in the ruble zone even before the grivna is placed into circulation
2. Withdrawal from the ruble zone must take place "smoothly" and convertibility of the coupon will become a first step in that direction. Rubles in enterprise accounts will automatically be sold to banks for coupons and then it will be possible to purchase rubles for those same coupons (at the corresponding exchange rate) for the conduct of import operations.

3. In order for the Ukrainian currency to be stable it is necessary to stabilize the financial-credit system before the introduction of that currency, calling for:

Credit is to be extended to commercial banks at the same interest rate for all which must be gradually reduced.

Today's prevalence of short-term credit is disintegrating the economy. It is necessary to stimulate long-term crediting.

It is necessary to balance on the razor's edge—to conduct a policy of limiting the demand (restraining emission) without, at the same time, limiting the money supply too much.

Credits (the issuance of credit is primary, while cash emission is the derivative) must be for a purpose and directed at decreasing losses in production. Henceforth banks must monitor utilization of credit. This pertains, first of all, to the 80 billion in available credit (so-called "inflated" credit, that is, one which is frankly inflationary), which will soon be distributed among commercial banks (at low interest rates).

4. We do not have our own foreign exchange policy as such and probably will not have one very soon. First of all because in the Ukraine there are no specialists of the appropriate profile or specialized equipment, and consequently, no foreign exchange market.

5. Soon it will be possible to categorize ruble operations as foreign exchange operations as well.

6. It is completely impossible to set a coupon to ruble exchange rate today—that would mean withdrawal from the ruble zone with unpredictable consequences. After all, we are not yet ready.

Let us say, there is a basic position: some single currency must be in circulation within the territory of a state. At present, according to the ukaze of the president of Ukraine, any enterprise has the right to trade using dollars and marks. Fortunately, V. Gietman said, it was possible to limit this situation in time. That is the way it will be only until the introduction of the grivna.

As far as the establishment of a rate of exchange of Ukrainian currency into other currencies (except the ruble) is concerned, this is being done today on the basis of data of the Central Bank of Russia. Our foreign exchange market remains an embryonic state and the recent acts by the executive authorities are only worsening the situation.

All questions (and you must agree there are quite many of them) must be resolved very speedily (and it is so planned). First of all, the act on foreign exchange regulation, which will not only be submitted for consideration by the Supreme Soviet of the Ukraine. Secondly, measures will be introduced with regard to the signing of an agreement between banks of the CIS countries to stop competition in the volume of emission. Thirdly, in the near future it will be advantageous for enterprises to export their goods rather than exchange them through barter (in any event the National Bank of Ukraine will do everything in its power to establish a more favorable dollar exchange rate for

coupons and rubles, will raise the question of decreasing the hard currency tax and will compel enterprises to transfer their hard currency accounts from abroad to Ukrainian banks).

Thus V. Gietman, chairman of the board of the National Bank, expressed a serious intention of becoming "keeper of the currency," a controller of credit effectiveness and a strict but just father to commercial banks.

### Decree on Changes to Price, Tariff Regulation Systems

925D03461 Kiev HOLOS UKRAYINY in Ukrainian  
18 Apr 92, p 6

[Decree of the Cabinet of Ministers of Ukraine, issued in Kiev on 15 April 1992, followed by an explanation from the Press Service of the Prime Minister of Ukraine "Decree of the Cabinet of Ministers of Ukraine, 15 April 1992, No. 193, Kiev, On Changes to the Price and Tariff Regulation System"]

[Text] In connection with the rise in prices of energy resources and in order to stabilize expenditures from the state budget, the Cabinet of Ministers resolves:

1. To change the maximum amounts stipulated by the Decree of the Cabinet of Ministers of Ukraine No. 376 of 27 December 1991 "On the System of Prices in the National Economy and the Consumer Market of Ukraine" by which prices and tariffs on production, goods, and services may be increased as defined in the Addendum.

2. To introduce a procedure for computing the amounts of apartment rents and the heating rates for buildings in the state and public housing fund on the basis of the total living area of the apartment.

To establish for families with an average combined income of all family members in the preceding quarter amounting to no more than 62 percent of the minimum wage, adjusted upward to reflect the consumer price index, payments for rent, gas, heat, water supply, and sewerage in the amount of 50 percent of the established tariff.

3. That the State Committee of Ukraine for Housing and Municipal Services:

shall prepare jointly with the Ministry of Justice of Ukraine by 25 April of this year recommendations for amending effective legislation to reflect the transition to the computation of rents and rates of payment for heat on the basis of the total living area of the apartment.

shall establish by 30 April of this year the procedure for computing rents and heat payment rates for those residing in communal apartments.

4. To give the State Railroad Transportation Administration of Ukraine the right to establish tariffs for transporting cargo by rail inside the territory of Ukraine and for other services on the basis of economically justified costs and a maximum level of profitability in the amount of 35 percent of the cost.

Further changes in tariffs may be made following submission by the State Railways Transportation Administration of a declaration to the Ministry of Economic Affairs of Ukraine no later than two months before the day that the new tariff becomes effective, and, second, the Ministry's approval.

5. To make this decree effective as of 16 April 1992, and the section dealing with tariffs on municipal transportation services (buses, streetcars, trolleybuses, subways), taxis, and communications services for the public as of 12 April 1992.

ADDENDUM to the Decree of the Cabinet of Ministers of Ukraine of 15 April 1992, No. 193

## CHANGES of maximum amounts of price and tariff increases on products, goods, and services

[illegible]

**Economics.** Affected Ukraine has reported the anticipated price-inflation introduction of coal in the price system introduced in 1 January 2005 year was 670 rubles [R] and that of the introduction of oil, which Ukraine has to obtain















[Text] The farmers of Donetsk oblast had to overcome serious difficulties to sow their spring grain crops. In the days before sowing began, they saved up fuel wherever they could, they parked their tractors and motor vehicles, sent their people on vacation, and put their processing enterprises on starvation rations. The machinery that went out into the fields was fueled up anyhow. The damaging effects became immediately evident: the fuel mechanism in a portion of the tractors and other motor vehicles broke down.

They have not even managed to catch their breath, and already the sowing of late crops is upon them. But their gas tanks are empty. Although they require 25,000 metric tons of gasoline for this phase of the job, they have only 1,000 tons. And only a quarter of the diesel fuel needed. The situation with respect to various brands of oil and oil products is even more critical. The normal consumption of the machine and tractor fleet requires, on average, only 100 tons, but this has increased 3 times. The leaders of the oblast agricultural agroindustrial organizations have taken themselves to some of the synchro in their own oil and motor oil, with letters and transportation, for exchange for the needed oil and oil products.

The leadership of the oblast has also turned to the Ministry of Agriculture of the USSR for help. They are asking for a loan of 100,000 rubles for the purchase of oil and oil products. They are also asking for a loan of 100,000 rubles for the purchase of oil and oil products.

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However, the situation is not being improved. The enterprises belonging to the Donetsk oblast agricultural agroindustrial organizations, which is headed by V. I. Kozlov, are not able to find the means to pay a salary to the workers and to pay the taxes off the government. In other words, the enterprises are in a state of financial crisis. The lack of fuel is one of the main reasons for this.

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words, the gas depots should supply the collective and state farms with fuel directly, without any intermediaries.

"Given existing conditions, this is not realistic," said the head of the fuel division of the oblast council of agroindustrial enterprises, A. T. Kyichenko, "because not all farms have service stations or reliable storage tanks for stockpiling and storing fuel. Moreover, some collective and state farms are unable to pay taxes. They will come to their assistance. Whereas the solidarity of the ration agroindustrial equipment network, despite the fact that it is not very profitable, is not being maintained."

In his proposal, the president of Ukrmatkrom states the experience of Kirovsk Oblast in this regard. At one time, SHKATVISH gas and oil companies were unsuccessful in a government that the industry of this way than the State Committee of the Economy of the Donetsk Oblast and agroindustrial organizations. It was not possible to pay the taxes off the government. In other words, the enterprises are in a state of financial crisis. The lack of fuel is one of the main reasons for this.

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### Farmers Warned To Take Precautions Against Sunflower Disease

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### Railcar Building Plant Problems Aired

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extremely weak. One does not hear the words "become a commander, become an officer" from the mouths of parents in local areas. On the contrary, what they say is, "If you become an officer, you will become too Russian and move away." They say to most of their children, "Become a director, become a manager." What they say has great influence on these young people. We have things we emphasize, things we do not emphasize. We must think about this carefully. A second reason is the language question. Instruction in all the military secondary schools is in one language only. This is in and of itself a major barrier. How many problems has this created for us in the past. The critical element of a third reason resides in the system of rayon military commissars. This is because one can gain entry to the school only through the military commissars. The selection of young people, in particular, care shown for the children of the representatives of the local nationality, is problematical. In my view, unless we eliminate these problems, we will not achieve proper success in preparing national cadres.

—I have two suggestions in regard to this problem,—said Lieutenant-colonel Sayat Moldashuly Imandiyev, who also took part in the discussion. He is a graduate of military school and later of the Lenin imeni Military Academy. He is now a graduate student in the Kazakh State Pedagogical University.—First,—if we are to refine as much as possible the preparation of national cadres, we must not be sparing of funds. If needed, we must send them to study in foreign academies. For example, there are those coming from America to study in the military school in Panama. They in fact learn everything. Nothing would be better than to put this experience to work in Kazakhstan. Second,—knowledgeable Kazakh officers in other places should be invited and concentrated here. There are some very experienced Kazakh officers giving lessons in academies even in Moscow. Such officers can be found in other places too. The time has perhaps even come to take in hand work to fill up the schools here with Kazakh cadres.

—What Sayat says is right: if you mention "Kazakhs," I also know a person who has been sent to a God-forsaken place. This is Lieutenant-colonel Savlawbek Baymenov, who teaches in a military institute in Moscow. He is involved in creating a Russian-Kazakh dictionary of military terms. The book is finished, it may or may not be published. In truth, we are far behind in such things. The time has come to give military orders in Kazakh — said Zh. Abildayev — Let us touch on the language question here. We need to gradually introduce the use of the Kazakh language in our military secondary schools. As has been said previously, when we have solved the problem of a Kazakh-Russian military dictionary, and of translating technical literature, it would be suitable to introduce everything into the instructional program. I have offered my proposal about this to the republic State Defense Committee. Another thing, there is the need to form a group under the committee directly concerned with this question.

To tell the truth, we have thought that we would not be able to find such people in the Almaty school. Although rare, we rejoice that military specialists like these men exist. Unfortunately, it would seem as if these lads have suffered for what they have done. Colonel Zh. Abildayev has lived in a dormitory for four years with his two children, while Lieutenant-colonel S. Imandiyev rents an individual apartment with his one child. "Housing has gotten very expensive. I do not know what I will do," he said, vexed. How dear are the people with whom I live in my own nation and land!

The views of the two young men who know military affairs well seemed very audacious in their straightforwardness. According to what they said, the three military schools, boarding schools, particularly the military schools, boarding schools in Almaty, should be turned into a primary base for cadres of the Almaty secondary school. **All the cadets in the school should, as a rule, be only from Kazakhstan. Among them, at least 70 percent should be comprised of representatives of the local nationality. Without officers with a higher education, it will be impossible to maintain an independent army. For that reason, it would be appropriate if the President would make the opening of a military academy of Almaty his direct responsibility. However, for the time being, we must send officers to study elsewhere, even to academies in foreign countries.**

It has not been especially difficult to get onto the Almaty military border secondary school, which has had "an open door" to many in its time. There were only three such schools in the former Soviet Union. One was in Moscow, the second in Kalitsin City and the third in Almaty. The school in Almaty is now controlled by the CIS Committee for the Protection of the Frontiers. Who will have control in the future those in the school themselves do not know.

Hoping to "meet the head of the school" after getting too brush off for several days from his assistant, Colonel A. Koval, I finally was unable to see him. Koval said only superficially, "Let me tell you what you need to know. However, this man could tell me very little."

—Nearly 1000 cadets study in the school. More than 200 teachers instruct them. Each year some 300 cadets graduate and receive their own commands. About half of the cadets are from Kazakhstan. However, Kazakhs are something like one-fifth of the cadets — said one colonel.

This person, like I. Mikhlenko, in the Higher General Command School, shook his head and said, "We have members of the local nationality and in general students from Kazakhstan who are accept students. How many do I doubt it. After talking with others we found out that the Kazakhs among the ranks of the cadets are about 20 percent. Thus their numbers are only about 20 percent. Only 5 of every 100 cadets are Kazakhs. It is already much to say that 'Some half of the cadets are from Kazakhstan, men who are these people.' If the day comes when we will be defending our own borders, how can we be then prepared at a 5 percent level of homegrown soldiers?"

—The rest, be it as it may, the level of preparation of national cadres in the military is very low. I myself am a graduate of a military secondary school. After that I studied in the Kuybyshevskiy Military Academy. At that time there were only three Kazakh officers in the entire academy. Afterwards the three of us went three different directions,—said Lieutenant-colonel Yermek Mutanuly Mergenghaliyev, an instructor of the border school—I myself was on military service for four years in Afghanistan. Now, subsequently, when I have come to Almaty, there are only seven Kazakhs in the school, like once in the school in Moscow. Under such conditions, it is difficult to speak about national cadres, about teaching in the Kazakh language in the military secondary schools. **Just like the proverb, "for five donkeys in the herd, more is needed than just a speck of land," it would seem to be too early to discuss the question of organization of a national army.** Even if we are talking in terms of all the people of Kazakhstan, it will be no easy thing to organize an army. But there is no other way. To return to the topic at hand. We must set about forming an army, with conditions as they are. This being the case, we must deal with the question of filling it up, and strengthening it with national cadres.

We should look at the matter of the "growth" rate of Kazakh officers, and what level "work" to prepare

national cadres should be at in terms of the above facts. To be sure, if things remain as they are, there can be no discussion of a republic army, or of a national army in the future. For that reason, as a group of Kazakh officers themselves say, **we must somehow achieve the following: Military subject schools—boarding schools must be opened in every oblast center and large city. Large numbers of representatives of the local nationality must be accepted by them. The Higher General Military Command and Higher Military Border Secondary Schools must be transferred to the direct control of the Republic of Kazakhstan State Defense Committee. Military-aviation schools to prepare fliers must be opened. A Republic of Kazakhstan Military Academy must be opened to teach higher officer material, and to refine their specialties. In connection with this, we should reorganize the work of military commissariats, and resolve the issue of filling them up with national cadres. Only then will we be able to increase the number of Kazakh officers.**

In any case, we indeed think that events are moving favorably, and "we are going to stretch our legs." There will be a great deal of discussion about this question today at the meeting of CIS representatives being held in Minsk. We hope that this meeting will understand which way the wind is blowing.



## AZERBAIJAN

### Defense Ministry On Internal Issues

92US04374 Baku KHA (G. G. Z. I. I) in Azer.  
19 Mar 92 p. 1

[Release from Azerbaijan Ministry Of Defense "In The Ministry Of Defense"]

[Text] On 18 March a conference at the Defense Ministry chaired by Rehim Gazyev, the Minister of Defense, was devoted to the military-political situation in the republic.

In his speech, R. Gazyev demanded that every employee heighten military discipline, be often at the front and see the events taking place there with his own eyes.

He noted the importance of having a list of the soldiers fighting in battalions of local self-defense forces, of those who died on the battlefield and those being treated in hospitals. The minister said that the lack of control over the use of military materiel and the careless relationship to military equipment must be ended. Repair of transport and other military items had to be organized.

R. Gazyev, talking about mobilization, also said that all measures must be taken to put this immediately into action. All kinds of unworthy actions had to be prevented.

The minister, touching on the question of establishing military law defense organs, said that this was proceeding too slowly.

He expressed his disturbance over the fact that often the population living in residential areas near the war zone often became needlessly alarmed and moved away. In R. Gazyev's opinion, the question of moving people had to be resolved at the state level.

The defense minister especially noted the need to establish conditions for staffing out the Azerbaijan Armed Forces with specialized officers and expediting the return to the republic of Azeri officers serving in the CIS armed forces.

R. Gazyev heard suggestions from conference participants and answered their questions.

### Establishment Of Republic For Refugees Announced

92US04375 Baku KHA (G. G. Z. I. I) in Azer.  
19 Mar 92 p. 2

[Article by Azerinform "Organization Committee For The Goyje-Zengezur Announced"]

[Text] On 17 March there was a conference of the working group on the establishment of the Goyje-Zengezur Democratic Republic in Baku.

At the conference 43-year-old lawyer Azer Taghyev, who was elected chairman of the organization committee of the Goyje-Zengezur Democratic Republic, said "The establishment of this republic was conditioned by the principle of the right of the hundreds of thousands of Azeris who were driven by force off their historical lands in Armenia to decide their own fate, as for the creation of state structures, these will help these people in restoring their

civil rights and returning them to their native lands. We plan to hold elections to the new republic's parliament and its executive organs soon. Seven people, including lawyers and scholars, are included in the organization committee which will soon be busy with these issues. We hope for protection by the world community and multifaceted help from Azerbaijan's leadership. With this goal in mind, appeals will be sent to the UN and other international organizations which will acquaint them with the Goyje-Zengezur Democratic Republic."

### Problems Facing Russians In Baku Surveyed

92US04624 Moscow RABOR (H. I. I. I. I. I) in Russian  
6 May 92 p. 3

[Article by Svetlana Krasnova and Ali Narbov "The Russians in Baku"]

[Text]

#### The Zone of Alienation

Kolya K.'s nerve failed him after the January slaughter. He hastily packed a suitcase and left, heading for Central Russia in the hope of finding a quiet and more or less pleasant place to stay in the historic motherland. His wife Nadya, two-year-old Yulka, and Dimochka, who was "on the way," and his mother and paralyzed father remained at home.

In Moscow, Kolya flatly refused to register as a refugee. How can they stain his registration certificate with a purple stamp for a miserable 200 rubles when he is a sixth-class repairman accustomed to a decent wage who has been praised for his intelligence and manual skills? Moreover, no one chased him out of Baku—he left of his own accord.

Kolya lived and worked a little, then returned.

And before long, Nikolay's fate was shared by many residents of Baku, who left and wandered through Russian towns and villages. In Azerbaijan they were considered 100-percent Russians, but here in Russia, they suddenly found themselves almost strangers forced to become migrants who are registered in the territory of the former USSR as Russians.

Post-Soviet statistics and sociology have not yet been reoriented to record and analyze the social, vocational, skill, and age composition of the repatriates.

Foreign Russians in Russia? They are coming here from Central Asia, the Caucasus, the Baltics, and Moldova, from the republics rushing to acquire sovereignty in the Russian Federation itself. More than half of the 208,000 refugees and persons found to provide a general sociological portrait of the refugee-migrant. According to data from the Employment Problems Institute of the Russian Academy of Sciences, seven percent of the persons resettling in Russia do not have a job, 32 percent content themselves with work requiring less skill, 21 percent are not registered, and 38 percent have no permanent residence.

The cream of the new Russian immigrants have an engineering-technical and humanities education. "Blue-collar workers" and physicians are taken away first. They are

driven on not so much by fears of a pogrom and telephone blackmail and slogans such as "Russians, don't leave, you will be our slaves," as by the narrowing of the active "Russian-language" information and legal space which is continuing in unison with the drive to acquire sovereignty.

A Russian doctor cannot always write the history of an illness in the national language, and a Russian bookkeeper cannot always execute the instructions of his boss. A Russian native of Baku who was raised in a multilingual, multinational megalopolis has difficulty adapting to the monoethnic mentality which is organically foreign to him. Sometimes a small spark of everyday conflict, a story about a lucky pioneer, a rumor about the next "New Baku"—a place for settlers somewhere near Kaluga, or else simply a tempting (from the word "to tempt") announcement in the newspaper is enough, and a container has already been ordered. The shrinkage of the Russian enclave is provoking a chain reaction of departures even by those who would not want to leave: everyone is afraid of being "the last of the Mohicans."

After leaving one shore, they do not pull in to another one, after being torn away from their former homeland, they are not adopted by a new one. In saving themselves from alienation in their own country, they end up in a strange land in other places. All their future life from this point on is a zone of alienation. And the bitter confession by (Villon)—"I am accepted by everyone and banished from everywhere..."—may become a prologue to it.

According to the Azerbaijan Goskomstat [State Committee for Statistics], 40,000 Russians left the republic after the events in January 1990. Some 28,000 returned. We can believe these figures, but with one reservation: they reflect only the status of migration in 1990. The events which have taken place since then have radically influenced the outlook of the Russian-speaking people.

Svetlana Vetchinkina, chief of a department at the "Bakelektroshtamp" plant, believes: "Those who have lived through January 1990 will never leave here. We all have gone through the terrible 'sieve.' And no matter what happens to us now—even the worst—it will take place here, in Baku. In our native land. This is what my husband and daughter, my friends, and my fellow workers and I believe. Since Russia has left us to the mercy of fate, we Azerbaijan Russians must look out for ourselves."

### On Thin Ice

Father Georgiy is jovial, aphoristic, and worldly wise. He is respected by young and old, esteemed by an ex-president and a Muslim sheikh, and importuned by journalists and foreign guests; the priest's beloved Siamese cat does not want to jump off his lap, even when he pries him off the cassock with his nails.

Georgiy Novakovskiy became the rural dean of Orthodox churches in Azerbaijan after the events of January 1990. He considers the state to be a large family. We Orthodox Russians are foreigners in this family of Azerbaijan. We were guests, and we became members of the household. And we have become accustomed to live by the established rules

here. And to honor them. And to bear the burden and trials of the Azerbaijani people together.

Are the Russians weeping in Azerbaijan? According to the latest census, there were 400,000 Russians living there—5.6 percent of the total population, including 300,000 in Baku, or 17 percent of the population. Ukrainians made up 0.5 percent of the republic's population (32,000 people), and Byelarusians made up 0.1 percent (7,800 people). At the same time, 450 Ukrainians, 401 Russians, and only 255 Azerbaijanis per 1,000 residents had a higher and secondary specialized education. The same order of figures applies to persons with a higher education: 197, 163, and 95. The Slavs of Azerbaijan have not been deprived of diplomas, as we see.

Nevertheless, it is common knowledge that those with diplomas are weeping as well. There are many reasons and occasions for this in our crazy life. What is usually behind the conflicts? Profit, bureaucratic games, the subconscious (conscious?) desire to please "our" people, a touch of Russophobia, or more likely, all of this taken together, mixed in an odd "cocktail" of motives? God knows.

"I don't understand my fellow countrymen," bemoans electrician Vladimir Malinov, a native of Baku and member of the Slavic Cultural Center of Azerbaijan. "Is it really possible that they have so little respect for themselves—not to mention the nation—that after public outpourings of friendship for Azerbaijanis, jokes are being told about them on the sly in some smoky room somewhere. Or that they go on a drinking spree on the anniversary of the deaths in 'black January.'"

The ice on which the Azerbaijanis and Slavs are walking into an obscure future is getting thinner and thinner. It is cracking under their feet more and more frequently. Who will show them the correct path?

Azerbaijan does not have any societies such as "Migratsiya" in Dushanbe or the interfronts [international fronts] in the Baltics. However, Russians in Baku have not been interested in political activity, especially lately. To the extent that Azerbaijan society is polarized, the most active nucleus of the Russian diaspora has been drawn more and more into opposition to the republic leadership, which ultimately led to division.

Last November, the Azerbaijan Center for Slavic Culture detached itself from the "Sodruzhestvo" Society. The People's Front saw that the center was a more resolute ally than "Sodruzhestvo."

### They Don't Understand the Russian Mind

It is paradoxical, but a fact—Russians in Azerbaijan do not fear Azerbaijan, but Russia. More precisely, its geopolitical orientation, imposed on Yeltsin by some of his advisers, which becomes more and more apparent as it continues. The Russians feel not simply abandoned, but really betrayed by their historical motherland.

A large Russian exodus from Azerbaijan, if it takes place, will become not only a personal tragedy for them. It will

bring harm on a large scale to both Russian and Azerbaijani statehood. Azerbaijan may find itself in international political, legal, economic, and humanitarian isolation by not observing the rights of national minorities. The image of Russia will suffer a great deal if it has not used—or more precisely, it has not wanted to use—political means to protect its fellow countrymen in a country that is still on friendly terms. A comparison with wealthy Germany and not very wealthy Greece and Israel, which are carefully looking out for every German, Greek, and Jew in the world, will not be to Russia's advantage.

The ship of Russian politics did not drop anchor in the Caucasus today. The tread of empire was felt in Azerbaijan two centuries ago. It is in the manuscripts of the Gyulistan and Turkmenchay treaties, in the big oilfields, and in the old street names in provincial Baku: Vladimirskaia, Gorchakovskaia, Dvortsovaia, Sobornaia, Voznesenskaia, Tatyanskaya, Varvarinskaya. You can look at our common history in different ways, but you cannot discard the words from the songs:

Let us state frankly: Russia has its own national strategic interests in Azerbaijan. They include Iran, the Persian Gulf, the Middle East, and Turkey. The crossroads of four worlds are here: North and South, West and East, the bastions of two world religions, the place where the two superpowers meet in their traditional spheres of influence, which unfortunately cannot be changed. Finally, this where powerful military arsenals are concentrated, one-tenth of Azerbaijan's territory has been militarized, and one of the largest long-range radar stations in the CIS is located here. For this reason, Russia's urge to retain Azerbaijan is not simply a relic of imperial thinking, as some national radicals think. This is the property of a magnet—to attract and repel.

It seems that Russia has decided to count on a second factor. This is the rumored prediction about Moscow's future military and political moves in Azerbaijan that is heard most often in Baku today. In order to restore Russia's slipping influence in the region, mass disorders and pogroms of Russians are being provoked, and then they are suppressed by tanks and digging tools. In a word, a new January scenario. Someone will say that it is bad enough that someone makes this up. However, there are certain facts (we will list them in reverse chronological order):

On 28 February 1992, there is a rumor about a threat to military families. In the evening of the same day, the rumor is refuted by S. Volpayev, deputy glavkom [commander-in-chief] of the ZakVO [Transcaucasus Military District], who called it a lie and a provocation. However, the weed seeds have already been sown and they have sprouted: officers' wives and children are evacuated by aircraft to Minsk. The developing crisis has been blocked. In the very first words of his appeal to the Azerbaijani people, the newly elected chairman of the republic VS [Supreme Soviet], Yagub Mamedov, urges them "...to wage a resolute struggle

against the forces who want to sow the seeds of discord between Azerbaijan and Russia and those who attempt to promote negative attitudes with respect to the Russian-speaking population, and not to allow any provocations or disrespect toward the military units stationed on our territory."

17 November 1991. The same anonymous sources for the rumors and the same tenor: Russian pogroms. The developing provocation is neutralized by a series of meetings between activists of the NFA [Azerbaijan People's Front] and the "Sodruzhestvo" Society in the labor collectives.

According to the results of a representative poll conducted in Baku by the independent "El-oba" Center for Sociological Research on 1 through 6 March 1992, only 1.8 percent of those polled thought that the Azerbaijanis were oppressing the Russians, 4.8 percent noted deterioration in attitudes toward Russians in state institutions, and 10.7 percent said that the economic crisis was the reason why Russians were leaving the republic.

But there is another interesting fact: the turns in "damnable political activity" [okayanshechina] are repeated exactly in the zigzag in public opinion. A poll taken 7 through 10 February 1990, soon after the January events, recorded 33.8 percent of the respondents as saying that "certain forces are attempting through threats to force the Russian-speaking population to leave the republic." In the relative calm of June 1990, marked by a decrease in the intensity of passions, this figure dropped to 10 percent. And in March this year, it jumped up to 31.4 percent again.

In February 1990, 45.8 percent of Baku residents thought the Russians feared complications in connection with Russia's pressure on Azerbaijan, especially on the part of the army. In June, there were less who felt that way—30 percent, but in March this year, the number rose to 42 percent. The temperature in the interethnic boiler jumped to the danger mark once again.

They truly do not understand Russia's thinking. One need not be a Solomon in politics to size up the simple and worldly truth: watch over your sovereign national interests where they are much more at hand in a friendly country by having support among a prosperous, flourishing diaspora than in an environment of offended, embittered people who blockade military units and say to their offenders: "Go back to your own Russia!"

But where is the accounting here?

Aleksandr Isayevich Solzhenitsyn, in pondering how Russia is to be rebuilt, wrote: "The 20th century is shuddering and being corrupted by a policy which is devoid of any kind of morality. States and statesmen have been relieved of what is required of any ordinary person. The final hour has come to look for higher forms of statehood based not only on selfishness, but sympathy as well."

And let us end on this

### State Border Issue To Be Clarified

92US0439A Baku KHALG GIZETI in Azeri 3 Apr 92 p 1

[Article by Azerinform. "The State Border Question Is Being Resolved"]

[Text] In the meeting of Y. J. Memmedov, chairman of the Supreme Soviet of the Azerbaijan Republic, and I. I. Allahverdiyev, chairman of the Committee for the Defense of the State Border of Azerbaijan, the question of the situation on the state border of the Azerbaijan Republic, as well as the status of border troops of the former Union who are located on the territory of the Azerbaijan Republic, were discussed.

During the meeting the chairman of the Committee for the Defense of the State Border was authorized to prepare the definitive variant of the agreement on the status of the border troops of the former Union who are stationed on the republic's territory, together with the Committee for the Defense of the Border of Russia, in three days time, and to determine a rule which will transfer these troops to the jurisdiction of the Azerbaijan Republic and subordinate them to the republic Committee for the Defense of the State Border, in the event that a mutual agreement is not obtained, he should resolve the question on a rule for the withdrawal from the territory of the republic by turning over all their duties, technology, weapons and buildings to units and components which are being created by the Azerbaijan Committee for the Defense of the State Border.

It was noted that guarantees for the security, legal protection and social security, as well as international legal norms and rights and privileges of all military officers wishing to continue serving in border units of Azerbaijan, are being made.

### Decree On Territory Reorganization

92US0440C Baku KHALG GIZETI in Azeri 9 Apr 92 p 1

[Text of "Decree of the National Council of the Azerbaijan Republic Supreme Soviet 'On The Azerbaijan Republic's Organization Of Siyezen Rayon'"]

[Text] The National Council of the Azerbaijan Republic Supreme Soviet decrees

1. Siyezen Rayon shall be organized from the territories of the Siyezen City Soviet of Devechi Rayon, the Dagh Kushchu, Erzikush, Zarat, Yenikend, Hemye and Aghdash village Soviets, and the territories of the villages of Eynibulag, Mushkulgazma, Se'dan, Saghlojan and Charkhane.

The borders of Siyezen Rayon shall be proposed corresponding to the graphic description suggested by the Azerbaijan Republic Cabinet of Ministers.

2. The Siyezen Rayon Soviet of Peoples Deputies shall be organized. It shall be determined that deputies of the Devechi Rayon Soviet of Peoples Deputies according to their electoral districts which pass to the territory of Siyezen Rayon be retained as deputies of the Siyezen Rayon Soviet of Peoples Deputies until the next regular elections.

3. The staff of the President of Azerbaijan, the Cabinet of Ministers of the Azerbaijan Republic, and relevant organs and organizations of the republic shall structure their local organs in Siyezen Rayon in accordance with the structure of their local organs active of the republic's territory.

[Signed] Z. Samedzade First deputy Chairman of the Azerbaijan Republic Supreme Soviet  
2 April 1992

### Progress Of Land Redistribution Surveyed

92US0439C Baku KHALG GIZETI in Azeri 8 Apr 92 p 1

[Interview with Professor Hesen Gasyimov, director of the Azerbaijan Scientific Research Institute for Agricultural Economics and Organization, by Nazim Elkhani. "If The Land Is Everyone's..."]

[Text] The only way to salvage the economy from the crisis is the change to market relations. The experience of countries of the world has tested this irrefutable formula. It is a formula based on new property relationships, free ownership and healthy competition. One can pass a presidential decree on measures to expedite the establishment of farming enterprises as the start of a further stage (a change to the market). But the difficulty of the matter still lies before us. Although the republic government could determine additional measures, disturbing issues which are still unclear, difficulties and questions are many. Our conversation with Professor Hesen Gasyimov, Dr. Agr. Sci. and director of the Azerbaijan Scientific Research Institute for Agricultural Economics and Organization, is about this.

[Elkhanly] What do you think about a decree and additional measures?

[Gasyimov] This step will play an important role in rebuilding production relations in agriculture—creating a multi-layered economy, developing new forms of entrepreneurship, and attracting the farmer to production and to the land. It is a strategic move and the goal in passing it is using the land, the technology and other means of production more profitably, increasing the independence and the efforts of the farmer, and creating an abundance of crops.

[Elkhanly] Although we may have wanted it for a long time, we have no experience in this matter, so we have to learn about it. That means that we will not make the transition without making mistakes. Is there an organization that will take the responsibility for this?

[Gasyimov] Mistakes will be made in the organization of farming enterprises. But let us not talk about mistakes before the work has even begun. A group of scholars and specialists from the Ministry of Agriculture and Food have been sent into our republic's rayons. Their basic duty is to not permit violations by the parties concerned in the creation of farms, to supervise the correct preparation of documentation, and to maintain complete voluntarism. Finally, the talk is really about creating an independent labor unit in the village, meaning that from the start we shall have to proceed carefully so that we do not taste the bitterness of mistakes.



[Elikhanly] It will be interesting to see if all enterprises will accept this form of enterprise. Members of an enterprise working with sudden losses have not been satisfied.

[Giasymov] Certainly one will find strong opponents to the establishment of farming enterprises, and I am sure that they will have their reasons. But we cannot forget that this measure is an objective necessity stemming from the development of market relations. No one is scheming to juxtapose the farming enterprise with kolkhozes and sovkhozes. There are enterprises which have always had an income. If an enterprise lagged behind the production plan for one year following the incompetence of a newly selected leader, it was described as a poorly worked enterprise; does that mean that there is a need for certain individual farming enterprises to be broken up? For years the breaking up of highly profitable enterprises which supplied our republic with food and other agricultural products was impermissible because the establishment of farming enterprises on unexploited land was under primary consideration. Up until today, 182 thousand hectares of arable land have remained unexploited. Those who complain about this should not forget that close to a hundred farms which were created last year alone have justified themselves despite a thousand different problems. The slogan has to be this: we live with the good and replace the bad! In short, the measure must not be an experiment, but from now on raised up as the correct direction.

[Elikhanly] Were all the issues included in the duties accepted by the Cabinet of Ministers?

[Giasymov] The major duties—basic attributes like the activity of the farming enterprise, the necessary material-technical equipment, guaranteeing the social and economic conditions—were considered. But a number of questions were neglected. For example, let us raise the protection of the land. It is known that Azerbaijan is among the backward regions of the world according to the sector of lands per capita. More than half of our lands have fallen into a useless state for various reasons. At a time when the land is changing to private ownership the relevant organs must be bothered by questions of water supply, drainage and irrigation. Our scholars have worked out the economic mechanism of this work. We have to try not to destroy one acre of land.

[Elikhanly] There are some who want to auction off the holdings of sovkhozes and kolkhozes and others who want to remain as owners. What measures are you thinking of to stop such tendencies?

[Giasymov] These types of situations can lead to opposition. Also, this tendency can destroy the basis of a village under the name of a farming enterprise. Thus, when creating a farm enterprise, the participation of all members of the collective is needed, and each should express his opinion not by a show of hands, but with his personal signature.

In the last five years livestock herds, animal productivity and supply on fallen on both public enterprises and private plots. In Georgia livestock have been taken from public

enterprises, slaughtered and sold at the market for the highest price; as a result, there are almost too few remaining livestock to breed and develop. It would be to the point to use economic methods not to allow this. In other words, agreed prices must be applied, and economic sanctions regulating the livestock head count on village farming enterprises must be prepared. For example, a fine for each five heads of reduction and a tax reduction for every head of increase must be considered. The most important is that when organizing these enterprises, everything we have said must be reflected in the signed agreements.

[Elikhanly] In the additional measures the sale of at least fifty percent of production by these rural enterprises to the republic at contracted prices is being planned. Will this meet the republic's commitments in the economic relations sector—the interstate livestock exchange, and the demand for food products of the urban population as well as the raw material needs of light industry?

[Giasymov] This percentage, as you said, will be sold at contracted prices in exchange for material-technical support. Enterprises are free to sell the remainder. This method will certainly justify itself at this first stage of the development of farming enterprises. But in later stages the need to build farm activity on the basis of market relations will emerge. Thus, we have to approach the solution of development problems from every angle. Let us take the organization of transport, supply and sale of the product. It is difficult for a newly-formed enterprise to meet this contract. First, contracts profitable for all sides must be signed. On the basis of this contract new enterprises will sell their product according to the market price, and the state's directive will be fulfilled.

[Elikhanly] Will an enterprise just getting on its feet have the financial possibility to buy modern and expensive equipment and various production requirements? Honestly, the promise on credit is not believable. Where is the state going to get the money to give every farmer a tractor costing half a million?

[Giasymov] The most correct way would be the farming enterprise entering into its own cooperative. Service cooperatives established on the basis of a lease would resolve all technical difficulties.

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[Editorial Conclusion] The decree was issued, the Cabinet of Ministers prepared its own proposals on this question and began to apply it, and a specialist expressed his own opinion. But the villager is still a "cadre." In resolving the fate of land and collective enterprise which we think of as common property, we have to consider everyone's opinion. One question has been forgotten. If the land is not used effectively, a fine of 50 percent of the yield should be imposed, if it repeats itself, a hundred percent, and if it occurs a third time, the land should be taken back once and for all. In the decree no differentiation is made between climate conditions or the distinction between productive or highly productive lands. There are zones in the foothills of our republic where it has never been possible to use

machinery, which demand manual or collective labor. In these areas those refusing to even buy the land will be found. Is it worthwhile to break up these kolkhozes and sovkhhozes?

### **Republic To Conduct Economic Research With Turkey**

92US044010 Baku KHALG GEZETI in Azeri 9 Apr 92 p 4

[Article by Azerinform: "Organization For Economic Research"]

[Text] The concept of changing to a market economy is as necessary for our republic as air and water. Azerbaijan's government, research institutes and certain scholars are working on this concept. The founders of a new scientific center—the Azerbaijan-Turkey Economic Research Group, which has been registered by the Ministry of Justice—are about to make their own contribution to the preparation of this concept.

Professor Rahib Guliyev, chairman of the administrative committee of this group and department director at the Azerbaijan Technical University, says:

"The establishment of a new independent scientific center arose out of the need to look for ways to emerge from the republic's deep economic crisis. We hope that the unification of the efforts of Azerbaijan's and Turkey's economists will serve the interests of our republic, which is advancing not only on the road of political, but also economic independence. The economic research group which possesses high intellectual potential hopes to play an active role in the social-economic life of both Azerbaijan and Turkey, to cooperate with both governments and with scientific and business circles. The group, by providing consultative advice on various issues, will participate in the preparation of laws and the conducting of research."

Continuing in the words of Professor Guliyev, he says: "It will be possible to determine by the composition of the group the level of the scope and practicability of our proposals. Among them are Aydyn Yalcin, publisher and editor of the popular journal YENI FORM which is published in the neighbor country, Ahmet Kilincbey, the noted economist, and other prominent scientists of both countries. Owners, finance specialists and leaders of joint institutions can also become members of our group. We are ready for the business community."

### **New Airline Director Interviewed**

92A41096A Baku BAKINSKIY RABOCHIY in Russian 21 Apr 92 pp 1-2

[Interview with Adalyat Bayramali ogly Aliyev, general director of the state concern "Azerbaijan khava yollary" [Azerbaijan Airlines], by I. Orudzheva: "Where the Air Routes Lead"]

[Text] Adalyat Bayramali ogly Aliyev has been named general director of the state concern "Azerbaijan khava yollary" [Azerbaijan Airlines] by decree of the president of the Azerbaijan Republic.

Adalyat Aliyev is well-known not only by pilots in Baku, but airmen in Yevlakh and Gyandzha as well. He began his career in general aviation. In Yevlakh he was an An-2 copilot, then an aircraft commander for seven years. But he was won over by large aircraft, and later on he began flying Il-14's, then the Yak-40 and the Tu-154; he became deputy commander of a Tu-154 squadron. In Gyandzha, he was commander of a unified squadron, then commander of the Baku Unified Aviation Detachment. In 1988, the collective of the Bina Airport elected him as their chief.

Our conversation with Adalyat Aliyev, soon after he assumed this position, touched on the problems and prospects for civil aviation in Azerbaijan.

[Orudzheva] Adalyat Bayramaliyevich, you undoubtedly have your own working program. In your view, what are the problems that should be dealt with first of all?

[Aliyev] First of all, we have to bring the fleet of aircraft up to date. After all, the service life of the aircraft has been calculated at one to three years. And if we are unable to replace them before 1995, a sad end awaits us—we may be deprived of civil aviation altogether. The fuel situation is not so critical. But when we fly to other CIS states, we have problems with fuel. We have to remain on the ground there because of this. In this case, nothing depends on us. The problem lies in the disruption of economic ties.

I believe that if we want to develop, we should join the ICAO (International Civil Aviation Organization). The USSR joined it before, and now Russia is a member. And it accumulates all the foreign exchange for that reason. But we need it as well, you know.

We have begun to shape an air code for the Azerbaijan Republic, and after it is approved by the Supreme Soviet, we will start issuing our own regulatory documents for civil aviation. I think we also need state supervision of flight safety. Until now, all aircraft have been registered in the USSR Ministry of Civil Aviation. It has now been abolished, and we need to establish an organization such as this in the republic for that reason.

We also plan to completely reorient our entire sector to Western technology and undertake technical reequipment as rapidly as possible. Only after this can we "take wing" for good and compete with any airline.

Of course, we also need trained personnel and first-class professionals. We are constantly thinking about this, and we have certain plans. Literally the other day, for example, we decided to form a national aviation center to train all kinds of specialists. We will be using the funds that were given previously to Ukraine, Kazakhstan, and Russia. Here is an example. It costs 500,000 rubles [R] to train just one pilot. We now have this money and we will be training the personnel we need ourselves. The republic's airmen include some experienced instructors. For example, five candidates of science in the "automation and telemechanics" specialization are working in the concern, and we have our own excellent flight engineers. We will be drawing them into service as instructors.

There is no question that we need our own foreign exchange. Why don't we have it? Because blindly following all the changes taking place in Russia's economy has brought us nothing good—on the contrary, it has aggravated the financial situation in many sectors, including aviation. The policy of privatization when we have poor production technology and the product we turn out does not meet world standards is leading to collapse of the entire economy. The only thing that will help is a practical policy based on scientific grounds, of putting foreign exchange into advanced technologies and infrastructure. And only afterward will privatization and development of a market economy be possible. Unless a policy such as this is implemented, we cannot avoid a social uprising, as experience has shown. As far as aviation is concerned, I want to emphasize again that we need fundamental reforms here. Essentially shifting to Western aviation equipment and operating aircraft such as the Boeing [model not specified] on our air routes, and reaching agreements on joint civil aviation activity with various countries.

[Orudzheva] Do you think the practice of forming individual airlines is proving its value? We have already told our readers about the "AZALtrans," which carries passengers on international and domestic routes, about "AZALpankh," which is serving different sectors of the national economy, and about "AZALagro," which specializes in the use of aircraft in agriculture. Will the structure of the concern be changed later on?

[Aliyev] Our experience in previous years shows that concentration of production management in one place is more efficient. It is precisely for this reason that we want to return to a unified organization, which will be called "AZALavia" instead of the "AZALtrans" airline and airport which now exist. As far as the airport in Gyandzha is concerned, there is no question that it needs modernization and extension of the area covered by flights from there. The Yevlakh and Zabrat companies are flying for agriculture and performing other tasks at the same time today. These two aviation centers are training personnel as well. But taking into account that we will have our own national aviation center, we want to make arrangements for joint training of pilots for the Ministry of Defense and civil aviation.

But this concern will be dealing with long-range problems: construction, providing ground services with up-to-date equipment, further development of aviation communications, and so forth. It is very important to join the ICAO without delay for this reason. But until we do, there is no sense in all the international flights—we are burning up the kerosene which is in short supply, and we have no profit at all. Many countries are attempting to establish contacts with us, you know. And we want to bring the matter of granting powers to conduct international negotiations before the government.

[Orudzheva] Unfortunately, erection of the air terminal complex in Bina has become a classic example of a project that is taking an excessive amount of time. We have

written about this a number of times, and we would like to hear from you—what is the reason for it?

[Aliyev] Chiefly failure to make use of the material resources in good time. This is precisely what led to a rapid increase in the cost of the project. Now, when prices for building materials have risen sharply, we will need about R80 million to complete construction, according to our information, whereas the initial cost was R40 million. We will be looking for a way out of this situation, of course. We are prepared to seek assistance from numerous foreign firms, but it is not free of charge, you know! What can we offer them in return? We need a sponsor who would receive a profit in five years, let us say, not right away. But in the meantime, negotiations are under way with an American-Turkish firm and with the Azerbaijani community in Germany. We are conducting a business discussion with anyone who is interested in this so that we can find the most favorable partner.

[Orudzheva] The terribly high prices for air tickets with the previous level of service have resulted in dissatisfaction among residents of the republic. It must be confessed that we are all aware of the artificial speculation in tickets, especially during the summer, both at the ticket agency and the airport. Perhaps we should think about forming some kind of inspection groups, about how to improve passenger service and amenities in flight?

[Aliyev] I agree completely. First I want to speak about the prices. While before 1991 the policy was to reduce the cost of air service, today, because of the sharp increase in fuel prices, as well as the prices of airplanes, helicopters, ground facilities, and spare parts for them, we have only one way to survive under the so-called market conditions. The high prices for air tickets stem from this.

I understand the passengers' indignation, but there is no other choice at present. Their complaints about the crudeness, tactlessness, and poor quality of service, both on the ground and in flight, are justified as well. Which points to the fact that the discipline and responsibility of many employees and the quality of service have declined. We will be putting affairs in order. And we should be helped here by the public health and inspection organs which formerly closed their eyes to many disgraceful practices and at times—let us be frank—took advantage of the existing shortcomings for their own selfish ends. We want to restore the good name and high prestige that civil aviation employees used to have.

#### **Contract With Amoco Stalled Over Commercial Questions**

PM0605101392 Moscow IZVESTIYA in Russian  
5 May 92 Morning Edition p 2

[Vasif Samedov report: "Caspian Oil Workers Rely on America"]

[Text] Baku—A group of specialists from the U.S. Amoco Eurasia Petroleum Company headed by its president, Robert Blanton, is in Baku on a working visit. They were received by Ya. Mamedov, acting president of the Azerbaijani Republic and Supreme Soviet chairman.

Questions of preparing contracts for the development of the "Azeri" offshore oilfield were discussed. Blanton noted the high degree of skill of Azerbaijani geologists, geophysicists, and other specialists. The technical side of the contract is not in doubt, he said. However, it has not yet been possible to make appreciable progress in commercial questions. One of the reasons is the Azerbaijani partners' lack of experience in elaborating large-scale contracts of this kind designed to last 30-40 years.

At the same time the sides are optimistic and expressed their confidence that a contract reflecting mutual advantage will be ready in the near future and that it will mark a new phase in Azerbaijani-U.S. economic cooperation.

The republic badly needs medical supplies. An airplane carrying humanitarian aid from Amoco arrived in Baku on the morning of 21 April; on board were 37 tonnes of medical supplies worth over \$2.5 million.

## GEORGIA

### "Shevardnadze Phenomenon" Examined

92US0464C *Tbilisi LITERATURNI SAKARTVELO*  
in Georgian No 15, 24 Apr 92 p 12

[Article by Aleksandre Potskhishvili: "The Path of Goodness and Pardon"]

[Text] Many Georgians have welcomed Eduard Shevardnadze's coming, in the newspapers and on television and radio. They are no doubt genuinely happy about his return. Of course, most of them held good jobs during Mr Eduard's tenure as top man—deservedly so, probably, for the most part—and felt comfortable and at ease.

At the same time there are also those whose present recollections of "the time of Shevardnadze" are not all that pleasant, because they suffered totally unjust persecution.

I myself belong among these latter, prominently in fact. I was severely punished for fighting in defense of the truth (the impulse to which, incidentally, I got from Eduard Shevardnadze's coming to power, for I believed in his honesty and principles). Even though I was a doctor of sciences, held the post of professor, and was a war veteran (which counted for something in those days), a senseless trial was instituted against me. I was sentenced to a year of forced labor, they kicked me out of the institute and put me to work in construction, and, to top it off, left me unemployed for three years.

For seven years I did everything I could to get to the First Secretary—yet, however strange it may seem to the reader today, I never did. "Shevardnadze doesn't want to see you," said those assigned to guard the temple. I don't even know whether Mr Eduard ever read any of the several dozen statements I wrote in the space of seven years.

In short, I have every reason to be bitter. I think, therefore, that my ideas about the Eduard Shevardnadze phenomenon and his future labors in Georgia are of significance, if only to ensure that "aberrations" or crimes like the "Potskhishvili Affair" never happen again.

As might be expected, there have been marked differences of opinion in Georgian society regarding the Eduard Shevardnadze phenomenon. The assessments which we have happened to read or hear can be divided into two groups. Those who have taken their cue from the ex-President and his henchmen—Koridze-Petriashvili-Taliashvili—see nothing but negative in this personage. I do not intend to debate with this immoral bunch.

It's not surprising that Shevardnadze should have enemies. As soon as he became First Secretary of the Central Committee he replaced almost all the old cadres in Tbilisi and outlying areas. But as far as I know, these changes did not give rise to any radical antagonism against him. Under the communist regime, such changes were generally painless. Someone who was dismissed from the post of raykom [rayon party committee] secretary would be installed as chief of some administration, and though it might hurt his reputation he would probably make more money. It was in other spheres that Shevardnadze acquired enemies. You may recall that when he became top man he declared all-out war against what were then called negative phenomena—protectionism, corruption, fraud, figure-padding. Naturally, this gained him the enmity of quite a few people, although on the other hand he earned the sympathies of the have-nots (which made up the majority of the population under the communist system). These latter included most of the intelligentsia, the righteous and honest ones among them who lived on their salaries and could plainly see how the swindlers and speculators in their midst were getting rich at the expense of the state. "The oppressed" saw Shevardnadze as a force come to save them, and they stood by him. They began to champion his principles.

One wonders what impulses guided Communist Party Leader Shevardnadze when he was fighting the people who constituted an essential condition of the functionaries' wellbeing, who in effect covered the expenditures formed by the difference between their salaries and their appetite-needs. Was it merely the usual tribute to any post held after the advent of a new man, in order to pull the wool over people's eyes, or was it a matter of belief?

Most researchers into the Shevardnadze phenomenon distinguish two periods in his work, the period of his work in Georgia and his labors on the all-union level. Most believe that during his tenure in Georgia Shevardnadze did everything necessary to be a conventional functionary.

These gentlemen either cannot or do not wish to perceive two periods of Shevardnadze's work while he was still here in Georgia. This is an important question, and I will discuss it in more detail.

In his first period, to be sure, Shevardnadze was a product of the Komsomol, yet still a very talented young man of exemplary habits and honesty, whose communist ideals were bred in the bone, who was ready to sacrifice himself sincerely and unsparingly in the struggle for those ideals. The Shevardnadze of the first period was a Stalinist from head to toe, without a drop of un-communist or un-Stalinist blood in his veins. Like the absolute majority of



his generation, he obediently and unhesitatingly believed in the victory of communist ideals and, of course, perceived Stalin to be the inspirer of those ideals. For him, Stalin was the Leader who was always infallible.

This kind of "idolatry" now has an offensive ring to it, but at the time, in the 1950s, most of society felt that way, and at first glance there is nothing surprising in this. The huge propaganda machine drummed Stalin's superhuman nature into him every minute of every day.

This was the thinking, incidentally, even of those young people whose parents had been repressed in the 1930s and 1940s. There were reasons for this too. During the era of repression, it was basically depersonalizing charges that were lodged against arrested persons—"wreckers," "enemies of the people," "agents of imperialism." More specific charges you might hear were, "agents of Germany," "spies for fascism," "in the pay of the enemy..."

Later on, "the enemy" really did launch a war against the country, and this undermined the correct position of those who had hesitated. Thus it was that even those who did not emulate Pavlik Morozov gradually changed their minds, and despite their former strong belief in their parents' innocence, they began to think differently. After all, time is a great healer; most of the arrested persons never returned; and the generation that came of age after the war didn't even remember their parents. The place of their own parents' love was taken by "The Father and Teacher of the World's Working People."

This was the attitude toward Stalin that prevailed among young people after the war, and because E. Shevardnadze was an outstanding representative of his generation, he was also outstanding in his love for Stalin.

That's what Eduard Shevardnadze was while serving as First Secretary of the Komsomol Central Committee, and that's what he remained in the first period of his tenure as secretary of the Party Central Committee—a sincere fighter for truth and justice. Until—and this is my own opinion—he looked into the Kremlin's kitchen and saw that the dishes garnished with the ideas of Marxism-Leninism ("the most advanced ideas") were being prepared just to pull the wool over our eyes, while in reality the state treasury was being plundered and unprecedented corruption reigned.

What was he to do, this ideologically staunch Stalinist whose upbringing had taught him to be scrupulously honest and who was righteous by nature? He must either get out of government or make another choice. There were two options: to become diminished, to remain in Georgia and, with the rank of a provincial civil servant, wait for a happy retirement—or to make his way into the Kremlin, the fount of all evil.

It's hard to say whether he could at that time ~~imagine~~ <sup>envision</sup> any future participation in epochal transformations. But it was obvious that a man of Eduard Shevardnadze's potential could never sit still in Tbilisi.

I think it was at this time that Shevardnadze became convinced that the building of communism was a colossal

hoax, and that Stalin was not what he had believed, whom he had believed in. He would have to give up old principles, no matter how hard his transformation might be. It's hard to say whether Shevardnadze's views at this time were influenced by finding out about Beria's position, which is another theme for discussion. The fact is that close acquaintance with the habits and morals of those in power convinced Shevardnadze of the fallaciousness of the communist system, and of the need to destroy it. This marked the beginning of the second period of Shevardnadze's labors in Georgia. He would have to make his way into the Kremlin, and to do that you have to show them you're the obedient vehicle of the Kremlin's ideas, you have to do everything the way Moscow wants it and show them that you are worthy to take your place among the Heroes of Socialist Labor and holders of the Order of Lenin (got by who knows what means). You must not forget that K—— [illegible surname] and Rashidov are Heroes too, and Order of Lenin holders four and five times over.

Now you may wonder how E. Shevardnadze, a child of the Communist Party, could leave that party and fight against the ideals which he had served almost all his life. I'm convinced that this was not difficult for a Shevardnadze who had survived the shattering of the ideals that went by the name of Stalinism. A man who thinks like Shevardnadze, who has overcome the powerful influence of Stalin's name, would not find it difficult to oppose the principles of communism (actually, these principles no longer existed by that time—the 1980s—and if they had, they would have gone against everything that is progressive).

For a practical man as talented as E. Shevardnadze, the most important thing was to escape the trap of theoretical dogmas and then everything would be much easier; he would no longer be a captive of theory but would be guided by his own colossal practical experience and brilliant intuition—which, as is well known, have practically never let him down.

It was during this period, when he was making his way to the Kremlin, that republic leader Shevardnadze made his worst mistakes, which, from the purely human point of view, are not as insignificant as some would have us believe. In fact, Eduard Shevardnadze, in an excess of zeal, did things which we today would call crimes against his own people, not merely sins. But, unfortunately, that style of work and action is his "personal flaw." Shevardnadze does not do anything superficially or half way, in a lukewarm manner. In school he was outstanding, in work he was the leader; when playing up to the Russians he did it better than anybody, if he had to get into a fight, he did so fearlessly.

When we examine certain of Shevardnadze's actions at that time from the standpoint of a citizen of today's Georgia, these actions constitute a crime against the people. But let's be honest. Could today's Shevardnadze even conceive at that time of an independent Georgia in general, or of its future interests in particular? Let's recall what was happening in Georgia then. Did we all think it

was as unfortunate as we do today? And again, let's be honest with ourselves and ask whether we all at that time would have been as harsh as we are now in our condemnation of those who instigated the punishment of the airplane hijackers.

How about if we look at the question from a different angle: Do we want the Shevardnadze who arrived in Tbilisi on 9 March who, we are certain, will do everything he can—and we think he can do much—to save Georgia from the abyss? The answer to this question will probably be affirmative. Moreover, if the boy from the village of Mamati had never gone to Moscow and entered the world arena, would he have become the world-renowned diplomat and consummate politician who has returned to us now? It seems the road from Saul to Paul is open in our day as well, and it must be traveled sowing repentance and goodness.

Let us not forget that Eduard Shevardnadze, who has traveled life's path heavy-laden, seems not to have heard or read all the venom and bile that Georgians have poured forth in the press, on radio and television. He has forgiven everyone and come to us at a time of catastrophic crisis in order to rebuild a Georgia that was destroyed by others. I cannot ignore this, and however bitter I may be, I cannot but welcome his return.

I will forget everything and forgive everyone—provided that the guardians of the "road to the temple" are never again given official posts. In short, I will forgive provided that when Shevardnadze, arrived in Georgia, is surrounded by swarms of his communist functionary acquaintances, he will ask us a few things before he places them at the helm of an independent and democratic Georgia. We know better who they are, these guys.

Never more will we put up with slavery, thugs and scoundrels!

### **Discord Continues Between Abkhaz, Georgian Deputies**

*AU3004093792 Tbilisi SVOBODNAYA GRUZIYA in Russian 21 Apr 92 p 2*

[Article by Tengiz Pachkoriya: "Parliamentary Battles"]

[Text] Sharp differences of opinion that, at times, remain unresolvable are continually arising in the Abkhaz Supreme Council. Abkhaz and Georgian deputies, in spite of the presence in their ranks of fairly experienced people, are unable to agree on the adoption of mutually acceptable decisions concerning a whole range of fundamental questions.

There is, as yet, no complete accord even among the Georgian body of deputies in the Abkhaz parliament. This is not surprising: After all, it is made up of the representatives of various political movements and organizations that are, at times, diametrically opposed in their evaluation of the political situation in Georgia and its current leaders. In particular, a number of Georgian deputies who have been elected to the Abkhaz parliament thanks to the

support of the Georgian Helsinki Union regional organization have referred to the Georgian Provisional Government as "illegal" and, sometimes, as a "junta" in their speeches at previous parliamentary sessions.

At the same time, the Georgian deputies are basically adhering to a single position with regard to many fundamental questions connected with the situation in Abkhazia.

On 15 April, five Georgian deputies from the Abkhaz parliament (Vakhtang Kolbaya, Napoleon Meskhiya, Dzhemal Gamakhariva, Kim Dzhachbiani, Givi Gvazava) flew to Tbilisi from Sukhumi. The same day, they met with Prime Minister Tengiz Sigua and, on 16 April, held talks with State Council Chairman Eduard Shevardnadze. During these meetings, there was frank discussion of the situation that had taken shape in the Abkhaz parliament and also in the whole of the autonomous republic. During the evening of 16 April, the Georgian parliamentarians returned to Sukhumi and had talks with Vladislav Ardzinba, chairman of the Abkhaz Supreme Council.

On 17 April, at a regular session of the Abkhaz Supreme Council, the parliamentary speaker informed the deputies of this trip to Tbilisi and pointed out that the questions raised there were the same as those under discussion in Sukhumi.

The session of the Abkhaz parliament began without the Georgian deputies and two non-Georgian deputies (27 persons in all). They did not appear at this session. Incidentally, on 10 April, the Georgian deputies boycotted the work of the parliamentary session. At that time, 23 deputies delivered a statement to journalists. It mentioned the fact that "legislative acts are continuing to be adopted by the Abkhaz Supreme Council Presidium that are outside its jurisdiction," and that "at the sessions, laws are being submitted for discussion that contradict the laws of the Republic of Georgia and that require the adoption of concerted decisions, that is to say by a qualified majority of two-thirds of the votes." In the statement made by the 23 deputies that was broadcast the same day in the "Matsne" ["Herald"] program, a readiness was expressed to engage in constructive dialogue.

During the next few days, a conciliation commission of deputies for overcoming significant disagreements was at work. Therefore, on 17 April, it came as a surprise to many not to see the Georgian deputies in the conference hall of the Abkhaz parliament. Vladislav Ardzinba expressed his astonishment at this fact. Meanwhile, the 37 deputies present discussed and adopted the Abkhaz Law "On Enterprises and Entrepreneurial Activity" and introduced changes into the Abkhaz Supreme Council Resolution "On the Introduction of a Special Regime of Conduct for Citizens in Abkhazia" in accordance with which the movement of transport and people is now forbidden from 2400 instead of 2300.

During the break, an agreement was reached between the representatives of the different factions of deputies that, at the request of the Georgian deputies, no questions that are either contentious or had not been previously agreed on

would be examined at the session that day, in particular the question concerning the appointment of the head of administration in the town of Gagra. The examination of this question was deferred to a future session. Taking account of this, the Georgian deputies agreed to participate in the evening session of 17 April. With their participation, an Abkhaz Supreme Council constitutional commission was set up. It will elaborate the new text of the Abkhaz Constitution. A number of amendments to the current Abkhaz Constitution were also submitted.

### State Property Official on Privatization

92US04554 Tbilisi SVOBODNAYA GRUZIYA  
in Russian 23 Apr 92 pp 1-2

Interview with A. Kavsadze, chairman of the Committee on the Administration of State Property of the Republic of Georgia, by Vakhtang Akhalaya, SVOBODNAYA GEORGIYA correspondent; place and date not given: "We Will Not Permit 'Hushed' Privatization..."

[Text] Vakhtang Akhalaya, SVOBODNAYA GEORGIYA correspondent, talks with A. Kavsadze, chairman of the Committee on the Administration of State Property of the Republic of Georgia.

[Akhalaya] Mr Sandro, figuratively speaking, today you hold in your hands the steering wheel of our vast public aircraft carrier, which state property is, from the deck of which tomorrow numerous, already private, aircraft will fly in all directions. Isn't that so?

[Kavsadze] It only remains to add that an ocean of passions is raging overboard.

[Akhalaya] Probably, it is not easy to steer a correct course in this stormy ocean. After all, your predecessor in this post—Mr Gugushvili—did not cope with this, although he was prime minister.

[Kavsadze] Simply, he stubbornly went against the wind and ran aground on "state capitalism." Gamsakhurdia's regime was doomed primarily because in no way did he want to part with the traditional state monopoly on everything—on property and on citizens' convictions and conscience.

Today our course is clear and irrevocable—democratization; hence, privatization and free entrepreneurship.

[Akhalaya] Well, is anything already visible on the horizon?

[Kavsadze] The formation of the structure of our committee and of its subdivisions in rayons and the development of the normative base are being completed now. The first package of documents has been prepared.

[Akhalaya] I hope that this package is not secret?

[Kavsadze] Of course, not. It includes provisions on the committee, on the delimitation of state and municipal property, on the procedure for holding auctions and contests, and on the transformation of state enterprises into joint-stock companies.

[Akhalaya] Can you guarantee that everything is being done competently with due regard for the opinion of the wide public?

[Kavsadze] A consultative council, which discusses the drafts of all documents, was established under the committee precisely for this. Not only scientists and specialists of ministries, but also representatives of various parties and public organizations, are included in it as experts.

[Akhalaya] When from this "paper work" will you change over directly to the distribution of state property?

[Kavsadze] After these documents and principles of the privatization program for the next two years, which we will submit to the government by the middle of April, are approved by the Cabinet of Ministers and the State Council.

As an approval of the mechanism we plan to privatize the first 30 to 35 projects as early as May.

[Akhalaya] What will this mechanism be—simple or complicated?

[Kavsadze] It was determined in the Law on Privatization of State Enterprises adopted last August.

[Akhalaya] So, this law remains in force?

[Kavsadze] Yes, with the exception of some details. Forms of privatization remain unchanged—sale by auction and by contest and the establishment of joint-stock companies.

[Akhalaya] Will it not turn out that "money bags" among former "operators of the shadow economy" and the criminal mafia will get all the property? After all, every citizen of the republic has the right to his piece of the public pie, but not everyone has funds for privatization.

[Kavsadze] This is a very important point. Therefore, 35 to 40 percent of the state property will pass to the population free of charge. This share will be calculated by dividing the value of state property by the number of citizens.

[Akhalaya] How will a person be able to get his share?

[Kavsadze] Either from special privatization accounts, or in the form of investment checks, coupons, and so forth. The problem will be solved before this September. Moreover, it will be possible to get loans for privatization in commercial banks.

[Akhalaya] Not long ago Boris Yeltsin signed an ukase to the effect that legal entities and citizens of the Russian Federation, which acquire enterprises for ownership, also have the right to purchase the corresponding plot of land.

[Kavsadze] Yes, this is done all over the world and this also must be done without fail in Georgia. We will consider this matter jointly with the Committee on Land Reform.

[Akhalaya] Incidentally, so-called "prikhvatization"—the buying up of property for next to nothing by former party and state nomenklatura—is rampant in Russia. "Former" officials "convert" their personal contacts quite actively. For example, 18 officials and directors of enterprises of the military-industrial complex headed by Belikov, former

head of the Defense Department of the CPSU Central Committee, and Kravchenko, former chairman of the State Committee for Television and Radio Broadcasting of the USSR Council of Ministers, established a joint-stock company—KOLO. As a "dowry" they brought such "gifts," which were appraised at a ridiculous value, as quite a large piece of the Machine Building Association imeni Sergo, a space radar complex, the Vnukovo-3 Airport, and so forth. If, by pure accident, the Russian Government had not revoked the company's registration, this fraud would have brought an income of many millions to each of the founders.

[Kavsadze] We will do our utmost so that this does not happen in our republic. I will not hide that there have already been attempts to solve some problems secretly with us, so to say, "according to an agreement between the parties." I declare that such "hushed" privatization will not work! Everything will be done openly, with the participation of the public, including the press.

With regard to the appraisal of facilities, this is a very complicated matter. We will take into account the balance value, profitability, market conditions, and so forth. Probably, foreign experts will also have to be enlisted.

Incidentally, I must warn those who try to legalize the buyout of facilities ahead of time, before the expiration of leasing terms—this is illegal. We will be forced to annul these transactions through the State Board of Arbitration and, moreover, without any compensation.

[Akhalaya] Well, as is obvious, not for nothing was this post entrusted to you—a militia general, Georgia's former deputy minister of internal affairs, and then also the republic's chief state arbitrator. One can hope that privatization will finally begin seriously and a firm hand will grasp its steering wheel.

[Kavsadze] To be honest, I do not think that precisely my official experience is so useful for this work. Privatization has already begun. For example, 600 apartments have been privatized free of charge in Tbilisi to date. I think that we will be able to complete the work that has begun. This is exactly what I have always seemed to manage to do.

#### Statistics Show 'Significant' Decline in Industrial Output

AU0705180592 Tbilisi 7 DGHE in Georgian  
23-29 Apr 92 pp 4, 8

[Unattributed report: "Things Are Going Very Well..."]

[Text] The acute shortage of electric power and raw materials, the disruptions to transportation, and the political situation that has been created in the republic have resulted in the complete or partial stoppage of a large number of industrial enterprises.

Since the beginning of the year, 586 of the republic's 1,127 industrial enterprises—more than one-half—have not been working, including such large enterprises as the

"Elmavalmshenebuli," "Elektroshedugheba," "Elektroap-parati," "Saknakshiri," and "Apkhaztambako," industrial associations, the Zestafoni ferroalloy factory, the Algeti and Gardabani canning factories, the "Ekran" TV factory, and many others.

During the first quarter of 1992, industrial production at enterprises belonging to the Republic of Georgia Ministry of Industry dropped by 61.2 percent or 4958.4 million rubles [R], while production at enterprises belonging to the Food and Processing Industry Ministry fell by 53.7 percent, or R1509.8 million.

During the first quarter of this year, the output of one industrial worker amounted to approximately R25,000 rubles compared with R35,114 during the first quarter of 1991. Compared to the corresponding period last year, there was a drop of almost one-third in productivity of labor, including a 37-percent decline at enterprises belonging to the republic's Ministry of Industry and a 19-percent decline at enterprises belonging to the Food and Processing Industry Ministry.

The significant decline in the output of industrial enterprises resulted in a further deterioration of contract discipline regarding the supply of goods. During the first quarter of this year, the republic's industry failed to deliver products to consumers to the value of R447 million, of which R395 million could be accounted to Ministry of Industry enterprises.

During the first quarter of this year, compared to the corresponding period last year, there was a decline in physical terms in almost all forms of industrial output: electric power by 424 million kilowatt hours; steel—155,400 tonnes; iron—95,800 tonnes; finished rolled metal products, including semi-finished products for export—155,800 tonnes; steel pipes—3,794,000 meters; coke—48,000 tonnes; useable metal castings from continuous-cycle machines [utsqveti tsiklis mank'anebidan mighrebuli vargisi lit'onis skhmulis namzadi]—12,500 tonnes; A.C. electric motors—8,900; low-power electric motors—46,000; metal-cutting machine tools—120; motor petrol—68,700 tonnes; diesel fuel—107,700 tonnes; fuel oil—178,000 tonnes; primary petroleum refining—435,900 tonnes; petroleum production—9,000 tonnes; casing-head gas—0.8 million cubic meters. During the period under account, there was no production of bituminous coal.

During the first quarter, there was a significant decline in output in light industry and also of construction materials and food products. [Table omitted]

#### Newspaper To Be Distributed Free of Charge

92US0464A Tbilisi LITERATURULI SAKARTVELO  
in Georgian No 15, 24 Apr 92 p 2

[Items by Georgian Acting Communications Minister Oleg Keshelava, Writers Union Chairman Guram Pandzhikidze, and LITERATURULI SAKARTVELO Editor-in-Chief Tamaz Tsivtsivadze]

[Text]



To the Editors of LITERATURULI SAKARTVELO  
and Mr Tamaz Tsitsivadze

Mr Editor!

Aside from Georgian writers, of course, the great poet Galaktion Tabidze's words "THE BOND BETWEEN HEARTS" resounds most clearly for the workers of the Communications Ministry!

As you know, our whole huge sector is in the service of connections among human beings!

It goes without saying that sometimes we succeed very well, sometimes not so well!

But I think what I'm about to say now will please everybody! In this time of difficulties experienced by Georgian writers and their newspaper, the Communications Ministry has decided to serve the business of distributing LITERATURULI SAKARTVELO, free of charge, from the First of May to the end of the year!

This amounts to a lot of money, but not so much that allocating it or not allocating it would make or break our Ministry!

It would be great if we could do the same for other periodicals too, but unfortunately we are not well enough off ourselves to indulge in such pleasant generosity!

We hope the editors of other equally dear publications will not be unhappy with us in view of the fact that this will be THE SOLE AND FINAL EXCEPTION the Ministry intends to permit LITERATURULI SAKARTVELO!

We firmly believe that our concern for the newspaper of Georgian writers equals concern for a better future for Georgia, inasmuch as our children grow up nourished by their works!

And the Communications Ministry is just as obligated as any other national sector in our country to think about a better Georgia!

We hope, therefore, that the modest help we are providing Georgian writers will prove contagious to the other sectors!

Once more, let me take the liberty of encouraging the officials of the big organizations. I shall end this little "appeal" with the words of the great poet himself:

"Today will show who is faithful, and who among us, my brothers, loves our fatherland most!"

No need I repeat, of course, that concern for Georgian writers equals concern for our fatherland!

Mr Editor!

We are certain in advance that our modest contribution will be met with a feeling of gratitude on your part.

Sincerely regards

[Signed] Oleg Keshelava, Georgian Acting Communications Minister

To Georgian Acting Communications Minister Mr Oleg Keshelava

Mr Oleg!

I have the honor of informing you that the help you have rendered LITERATURULI SAKARTVELO is received with a feeling of gratitude by Georgian writers.

As the head of the writers' organization I feel it is my duty, on behalf of Georgian writers, to express our gratitude for your graciousness.

Respectfully,

[Signed] Guram Pandzhikidze, Chairman of the Georgian Writers Union

Dear Minister!

Although the Writers Union Chairman has expressed sincere gratitude to you for the help you have given us, we feel we would be remiss if we failed to convey the editors' feeling of gratitude!

I am most gratified to carry out my colleagues' wishes!

We hereby state out loud

LITERATURULI SAKARTVELO is authorized, on behalf of Georgian writers, to express our gratitude to State Council Chairman Mr Eduard Shevardnadze for the concern that has been shown for our newspaper!

The editorial board's creative collective is equally grateful to Georgian Cabinet of Ministers Chairman Mr Tengiz Sigua, whose efforts have made it possible for us to pay last year's printing debts!

Mr Minister!

You will agree, of course, that these official bodies stand high and separate!

But we wish to state proudly that LITERATURULI SAKARTVELO has not been neglected by officials of relatively "lower links" either!

We also feel it is incumbent on us once more to express our gratitude to the Progresi firm, founded in Khoni, thanks to which the payment of authors' fees is guaranteed until the end of the year!

Special mention must be made of the Kavkasis Kontserni [Caucasia Concern] Businessmen's Association, whose management has also promised to lend us a helping hand!

We are grateful to the Ozurgeti Agroindustrial Association for the money they have sent (to be sure, the mail has been slow!), which will be enough to put out **one edition!**

Nor must we forget the help given by the management of Samshoblo Publishing House, who are charging less than the "law" calls for to typeset and lay out single editions of LITERATURULI SAKARTVELO!

Ah, Mr Oleg! There are so many good people in Georgia—but need we pay tribute to them in advance? We'll have time to talk about them when they help us in specific ways!

Mr Minister!

As yet, unfortunately, I can't do anything but express my thanks in words! I will make but one promise to you, in the context of my "specialty!"

Because your personnel, according to the terms, are going to serve the business of distributing our newspaper free of charge until the end of the year! I, as a critic, give you my word that I will not criticize a single communications worker "laboring" in the field of writing through the end of the year!

Don't take this "benefit" to be a small thing! You'll see for yourself how much the weaker members of the writing community importune the Communications Ministry for jobs!

What greater "guarantee" could they wish? They can hold their heads high until the end of the year! Then next year they'll either learn to write better, or I'll give up criticism!

Mr Minister, please don't take offense at my little joke!

I could, of course, have expressed my thanks more seriously, but because both of us live in the country where Mr Eduard Shevardnadze serves as Chairman of the State Council, an observant person must certainly take account of his "style" of work!

Consider, for example, this fine phrase he has in his book "My Choice":

"When anybody asks me about the importance of humor in serious discussions, I answer that I like it when a person does his job with a smile...."

Mr Oleg! I don't know whether you will smile as you read these lines, but I have certainly done my job!

Many thanks!

[Signed] *Tamaz Tsivtsivadze*

#### **Publishing House Chief Asks Shevardnadze for Subsidies**

92USD464B *Thilisi LITERATURI LI SAKARTVELO*  
in *Georgian* No 15, 24 Apr 92 p 3

[Item by Ioram Kemertelidze of Nakaduli Publishing House: "An Open Letter to Georgian State Council Chairman Mr Eduard Shevardnadze"]

[Text] In the context of the grave economic and political situation in the country today, we feel a bit awkward bothering you with our publishing problems, especially considering your recent visit with us in the Writers Union, where these matters were the topic of discussion.

True, the problems of writing and of publishing are of common concern, and Nakaduli Publishing House is affected just as the others are. At the same time, owing to our profile and specifics, we have our own additional worries. In particular, under today's conditions, the publishing house is faced by nothing less than the threat of having to close down.

Georgian readers, young or old, have an array of choices, with a rich and diversified literature at hand, provided by a number of fairly large publishing houses, and, although

it's not always easy, available to all. For little readers, on the other hand, Nakaduli is the only hope. It is Nakaduli that must provide them with spiritual nourishment, firmly instill in them the sweetness of their mother tongue, filial piety, national feelings and civic-mindedness, and teach them right from wrong—everything that leaves its mark forever on the soul, never to perish but to be passed down through the generations.

Until now, Nakaduli has coped admirably with all this. Through the years it has fashioned and established its own signature and traditions.

We workers of this publishing house are aware

—that if we fail to preserve Nakaduli we will deprive Georgian children's literature (classical and modern) of its firm foundation, which can never more be replaced by any other cooperative or private publishing house. The reason is that cooperative publishing houses do not find it advantageous to publish children's books with colored pictures, which requires costly paper and extra printing expenses. And publishing books at one's own expense is not an easy matter.

We workers of this publishing house are aware

—that if we fail to preserve Nakaduli, the publishing of Georgian children's books will be left to fate, it will mean the loss of the precious living experience and rich traditions which Nakaduli has built up in its more than 50 years of endeavor in the cultural field of book publishing, and we will have to start everything all over.

We workers of this publishing house are aware

—that if we fail to preserve Nakaduli, we will be responsible to our children and grandchildren for its demise—and this during a time of national freedom and rebirth!

Here are the facts:

Nakaduli, which has been operating at a profit for 12 years in a row (counting last year), now suddenly—like the other publishing houses and like the whole country, for all kinds of known and unknown reasons—finds itself financially empty-handed before the commercial market. The woe is compounded by the fact that last year the Finance Ministry took the publishing house's last 1.5 million rubles (to be sure, by decision of the government to meet the needs of the economic stabilization fund). No one would complain if the money had been used for some good cause and we had not been witness to economic destabilization rather than stabilization.

We have a number of books ready to be printed, but even if we could do it the price would have to be so high it's doubtful we could sell them in today's calamitous conditions. The terrific rise in the cost of printing and related materials, and all the new state taxes, have made book prices skyrocket. Volume 9 of the "Georgian Literature" series which we printed recently, cost nearly 60 rubles to produce.

Hence, even financial aid to the publishing house won't help much. Under today's conditions, a book does not pay

for the expenses of making it—that is, if it carries a normal sale price! And if we price it on the basis of the prime cost, it won't sell!

In short, you're damned if you publish a book and damned if you don't!

Mr Eduard!

We don't want to bother you with all our domestic details, and it isn't necessary. We are merely telling you about our general predicament, the analysis of which leads to the conclusion that there is only one way to save Nakaduli:

As a children's publishing house, Nakaduli must be exempted from all state taxes, and the government will

have to temporarily—for two or three years anyway—take Nakaduli under its protection. The state will have to cover, in part, the fantastically high costs of paper and printing so that books published by Nakaduli can remain relatively cheap and accessible to everyone.

We remember your special concern for culture, art, and literature. We are not saying this by way of politeness or flattery; that's really how it was, as everybody recalls. We believe it is so today; we are all certain of it as we write this letter.

Respectfully, on behalf of the staff of Nakaduli.

[Signed] *Ioram Kemertelidze*

## ESTONIA

**Narva Russians 'Exasperated' by Citizenship Bill**

92UM0943A Paris LIBERATION in French 19 Apr 92  
p 13

[Article by Matthias Lufkens: "Tallinn Makes Life Hard for the Russian-Speaking"—first paragraph is LIBERATION introduction]

[Text] To obtain Estonian nationality, the Russian-speaking 96 percent of Narva's population would have to pass a language proficiency test. This abnormal requirement is exacerbating an already very tense situation.

Narva (Estonia)—Can Estonia live without the Russians? "Let us organize a 'Day Without Russians' so that Estonians may see if life is possible without them," said Vladimir Lebedev, a Russian member of Parliament, during a Russian labor union meeting last Saturday. This challenge attests to the growing exasperation of the Russian-language minority, which represents approximately 39.5 percent of Estonia's total 1.8 million population, and has settled, for the most part by far, in the country's northeastern industrial centers. Their exasperation stems from a bill deemed by them to be "discriminatory," on Estonian citizenship. This bill, based on blood rights, would give automatic citizenship only to those who lived in Estonia before 1940 and to their descendants. Others would have to wait a year and pass an Estonian language test to obtain citizenship.

Vladimir Alexeiev, leader of the labor confederation in this border town of Narva, insists, on the other hand, that "all those who have resided in Estonia for the past three years must obtain Estonian citizenship without prior conditions," and is threatening to organize a strike in two thermoelectric power generating stations. This would plunge the entire small Baltic Country into darkness. The bill's clause requiring knowledge of the Estonian language is bitterly resented in Narva, 96 percent of whose 82,726 inhabitants are Russian speaking. Estonians represent barely 4 percent of its population. Estonian is not always taught in the kindergartens, nor in most of the Russian schools, for lack of enough teachers. Even the Estonian police, in their new blue uniforms, do not speak a word of the local language. In Narva, Mecca of the Soviet proletariat, many workers were opposed to Estonia's independence. Today, they are foreigners in an independent Estonia, with no hope of finding a job in Russia or in the other republics of which they are natives.

"We do not want to become 'Gastarbeiter' [immigrant workers]," says Viktor Veevo, union leader in the Kreenholmi textile manufacturing firm, which employs 9,260 persons. The spinning and weaving shops are pervaded by the fear of the workers of being relegated to the rank of second class citizens at a time that is clearly crucial to Estonia's political future. "Noncitizens," as foreigners in Estonia are now being referred to, will not be able to take part in the May referendum on the new constitution, nor in the parliamentary and presidential elections. According to

the bill on privatization, foreigners will no longer be allowed to become landowners

Russians form the majority of the work force in the large factories of Estonia's northeast, where even the heads of enterprises approve the idea of a strike. "We must fight for our rights," says Igor Poleschuk, head of Kreenholmi's foreign trade department. The threat of a general strike in the industrial center of Estonia's northeast is a nightmare for the small country, which is struggling hard to exit from its 50 years of Soviet style economy

"It would be a terroristic and criminal action if the Russians were to cut our electricity," says shocked deputy Illar Hallaste, Christian Democratic Union leader at Tallinn. Officials in the Estonian capital, 210 kilometers west of Narva, do not seem to be taking a serious view of the Narva population's exasperation. "This is not the first time the Russians have threatened us," comments Aimar Altosaar, adviser to the prime minister. "The ethnic tension is being created by radical politicians in Russia and by the former Soviet army still in Estonia." To justify the bill's provisions on citizenship, Estonian officials posit the need to struggle for the survival of this Finno-Ugric people. "We must also protect the Estonian minority in Narva," says Aimar Altosaar.

Hatred of anything "Russian" or "Soviet" is noticeable among Narva's Estonian population. "The union confederation is supported by the former apparatchiks," says Laur Sameli, the Narva based representative of the Estonian Committee, a right wing nationalist pressure group. "I do not believe that a Russian could defend the country like an Estonian would," affirms Rein Annik, head of electrical power distribution in Narva. For the moment, Russians prepared to adopt the Estonian culture and language are rare. Nikolai Maltsev, nevertheless, pleads: "We absolutely must learn Estonian if we want to remain here." This "son of immigration," as he describes himself, directs "Dialogue" in Narva, an enterprise that enables some fifteen students to study Estonian in the evening, at the Culture Center. "I am learning it to get a better job," he says. "But I am wondering what good it will do me since I know no one here who speaks Estonian," adds Nikolai, who has lived in Narva for 16 years.

## LATVIA

**Deputy Defense Minister Turlajs on New Post**

92UN1129B Riga NEATKARIGA CINA in Latvian  
29 Jan 92 p 2

[Article by Janisn Lapsa: "Under Kabul and Riga Sky"]

[Text] The first time we met was in a castle on a high cliff near Kabul. But everything in due course...

At the end of 1987 I arrived with a group of writers in Afghanistan; that word was on the tongues of all the world's politicians, writers and journalists at that time. A few days before returning to Latvia I had the good fortune to be at the Soviet 40th Army headquarters, which was located in the castle. To get there it was necessary to drive



through two checkpoints, to maneuver through barbed wire fences, mine fields and buried tanks. Once the castle was the last stronghold of the bloody dictator Amin. After that, when the usurper became "bothersome," to the five-time hero bearer of the Gold Star, Leonid Brezhnev, and his court, he was finished off by crack Soviet storm troops in this building. "International assistance" also came in this way.

On the second floor of the castle the army headquarters's operations section was located. Here I met with its chief, Lieutenant Colonel Dainis Turlajs.

At that time we resolved none of the problems of the world: it was neither the time nor the place. Of course I learned a bit about Turlajs's war experiences, and, most importantly, we talked in Latvian. Rather unusual in that place, in that situation.

Returning home, I wrote a book about Afghanistan. The journal KAROGS published it. I wrote it as I then understood the era, I wrote without playing the hypocrite. Of course events developed so quickly and much of what I wrote came to be in conflict with the "I" that had developed within me with the passage of time. For, together with changing events a person's thinking also changes. A sense of uneasiness ate away inside me, which I would only be able to quiet if I again investigated the mountainous lands first hand. I had seen its features, but I had not understood them.

After almost a year I, together with another group of writers, again landed at the Kabul airport, whose sky was crisscrossed with Sahvkoruha heat rockets to intercept the Mujahadeen Stingers.

Room 11 in the 14th Barracks, located within the gigantic territory of the army headquarters, became my lodgings.

Now, almost every day, I could climb up the narrow steps carved out of the cliff to get to the castle, to meet with the chief of the operations section, Dainis Turlajs, who now carried colonel's epilets on his shoulder. Once, shortly before midnight, when the headquarters took a few hours to catch its breath, Dainis came to my room. Our tongues were no longer stiff, as they had been the year earlier, and the conversation carried us over the gloomy Hindu-Kush mountains, over Central Asia's deserts, to green Latvia, where, it turns out, we have mutual acquaintances. From the experienced soldier I learned the truth about the massacred, tortured land and people. I heard candid language, which the troubadours of "restructuring" still did not extol, and which I did not hear in Gorbachev's rambling speeches. If the second half of my "Mountain Book" perceptibly differed from the first, then in this blessed thing credit also goes to Dainis Turlajs, who helped me not only to look into Afghanistan's face, but also to understand it a bit. But a thousand-fold greater thanks will be offered to the Colonel by the mothers, sisters and fiances of soldiers whom he led out of the Brezhnevist adventure safe and sound. He commanded two rumbling,

evacuation waves of huge tank and motorized reconnaissance rumbling convoys, that trundled down the Kabul-Salanga-Termeza highway, which was paved with human bones from many wars.

He said, straight to the point: "We are not needed here. Now the main thing is to take care of people and to leave with honor."

I am not a specialist in military questions, and I have had even less opportunity to examine secret documents and orders, but it is well known: the pipe dream of a few functionaries in the center—to leave Afghanistan with a big bang and, of course, with oceans of blood on both warring sides—went unrealized. I do not know which of the 40th Army's top officers deserve a tip of the hat most....

The third time we met under the skies of Riga in the editorial offices of the journal KAROGS, several months after the occupying army had left the mountainous land. It was the first time I saw Dainis Turlajs in civilian clothes. He appeared refreshed, more youthful, though his hair had grown a bit more gray. Meeting with journalists and writers, the Colonel said that he hoped to return to Latvia. Only no one knew that fate would gladly smile upon this hope.

The official news that the Republic of Latvia's Minister of Defense Talavs Jundzis would have two deputies, one from the USA, but another from the former USSR armed forces, was not unanticipated. The psychological telegraph, intuition or simply common sense had made this version known already before the press, radio and television. To the credit of the minister, it must be said that it is a farsighted policy. Latvia was and will remain a gateway between the West and East, and this gateway needs wise guards, who understand one side as well as the other. Yes, we need military specialists from opposite points of the compass, notwithstanding the zigzags of their fates. The most important point is that they view Latvia as their homeland, which must be guarded from history's evil eye.

A few days ago I was on my way to a fourth meeting. The Republic of Latvia's Council of Ministers had just confirmed Dainis Turlajs as Chief of Staff of the Republic's defense forces, offering him the rank of Colonel in the army of Latvia.

The building at 4 Rainis boulevard, where the Ministry of Defense is located, until recently was managed by the LSSR War Commissariat. It is hard to judge how well they managed it, but the building was neglected, worn, as they say, down to the doorhandles. Room walls are cracked, the once grand parquet floors are worn like a barn floor. To find your way to the Colonel's office one must make a detour through along renovated pathways and duck under scaffolding. But that is also a pleasant "obstacle course," if one knows that soon those in the Republic of Latvia's Ministry of Defense will not be ashamed to bring in either our own people, or foreigners, who will arrive for business dealings from the East.

Dainis Turlajs has settled into a small fourth floor room for the time being. The room's former grandeur is evidenced in the trampled-down parquet floor and ragged fireplace.

[Lapsa] How has the fate of the Colonel developed since our last meeting?

[Turlajs] Earlier I had finished two military training institutions: the higher war school and the Frunze war academy. In the last few years I studied at the General Staff Academy. I withdrew from the last course when all that was left to do was to finish my diploma work and arrange the state examinations.

[Lapsa] Will you strive to graduate from the academy?

[Turlajs] It's hard to say.... If I have taken on serving for the good of an independent Latvia; other interests, at least for the time being, must be put on the back burner.

[Lapsa] What motivated you to take on this job?

[Turlajs] A desire to return to Latvia. I discussed the possibility of doing so with many of the republic's leading officials. My decision was strengthened by Janis Peters in Moscow and Talavs Jundzis in Riga.

[Lapsa] Was there a prospect of returning to Latvia earlier also?

[Turlajs] There was. Toward the end of the 1980's the USSR Ministry of Defense offered me the position of Latvian SSR Civil Defense Chief of Staff.

[Lapsa] Why did you not accept this proposal?

[Turlajs] I did not want to return to my homeland as a carpetbagger.

At the time of our talk a week had not yet gone by since Dainis Turlajs began working in Riga, but he already had practical plans for the future. First of all, a stable leadership for the military organization must be developed, along with an operational communications system, and the strengthening of the material-technical base of the defense forces.

"Latvian soldiers, especially border guards, must be suitably dressed. Also a nourishing mess hall for soldiers must be considered, for a person with an empty stomach is not the best guard for the homeland," Turlajs said.

In the Colonel's opinion, Latvia's defense forces do not have to be many in number, but must be very mobile and well trained. In all phases of the military system we must move from "how not to be" to [a condition of] exemplary organization and discipline. We must begin to develop naval units immediately; in a longer perspective, Latvia needs a Military Academy. The bulwark of the defense forces must be a well trained, tightly organized reserve contingent that in the difficult hour could stand beside active service soldiers.

Our talk was interrupted by a telephone call. Radio Latvia was calling, asking the Colonel to reserve some time for an interview. "Somebody almost beat me to the story," I thought with professional envy.

Dainis Turlajs agreed to the interview and, hanging up the phone, added: "With journalist we will always find a mutual language. Still, it is too bad that a few newspapers write about the army with an extremely loose pen. In these questions something still must be known, our extraordinarily complex situation here must be understood. And there should be less complaining about pink, grey or other colored Colonels. Leave us to our work. Life will certainly demonstrate who actually serves Latvia and who is blowing smoke."

We parted having agreed that we will continue our talk about defense forces. First of all, about Latvia's navy.

### Minister On Defense Forces Problems

92UN1129C Riga ATMODA in Latvian No 8, 3 Mar 92 p 7

[Interview of Defense Minister Talavs Jundzis by Ainars Vladimirovs; date and place not given: "Let Us Talk About Defense Forces Rather Than Army"]

[Text] [Editor's note] Our newspaper previously published materials, "A Democratic State With a Military Touch," which has caused a widespread resonance in both readers and official structures. One of the latter was the RL [Republic of Latvia] Ministry of Defense, whose leader, Talavs Jundzis, wrote an official letter to DIENA. To clarify the Defense Ministry's point of view regarding the working out of Latvia's defense concept, and to supplement the scenario sketched out in the previous article for the development of defense forces, we are publishing an interview with the Defense Minister.

[Jundzis] It seems wrong to me that there has been nothing said about what has not yet been done. At this moment we can talk about what else is to be done, about shortcomings, what must be eliminated. Come and judge what of the plan has been done and what has not been done after a month. Then let's talk about how quickly and effectively we are moving ahead.

[Correspondent] So that we can clarify the situation at the beginning, I must ask what did you have when you started working at the new ministry?

[Jundzis] When I was designated minister we had no structures to organize work in the Ministry of Defense and defense forces staff. The parliament was critical of us because nothing has been done, but one must understand that recruiting cadres alone may take almost three months. Now we have completed that job. The foundation has been established for defense forces staff and a border guard brigade. They have leaders who will lead our eight land-based border guard battalions. On February 1 we began supervising the airport in Riga and later also in Liepaja.

[Correspondent] After your review in parliament the biggest criticism you received was directly related to taking over the airport and poor defense of the borders....

[Jundzis] To work in the airport we began training people back in November, because the job there is not simple. Candidates went through theoretical training, then trained with Soviet border guards, we began to teach them the

english language. On February 1 they relieved the Soviet border guards. The first week everything went very normally, without complications, but then we received a directive from Moscow, from the army Chief of Staff of the USSR border guards, contending that no international talks had taken place and former Soviet border guards must remain in their places until this question is resolved. For three days there was a flurry of activity evident on the part of the Soviet border guards. Later we managed to reach an agreement with them, that two immigration posts would be under our control; through those border control posts will go to people who are going to Latvia and the Baltic states. A special post will be for those who are traveling further to Russia. In this post Soviet border guards will inspect transit passengers.

[Correspondent] For how long will it be like that?

[Jundzis] Until the parliament passes a decree that Soviet border guards must be evicted from the airport. Then we will try to carry out the decree; or the question might also be resolved via the state-to-state negotiations road.

[Correspondent] The situation right now with the Latvian army is meeting with mixed reviews...

[Jundzis] First let us agree not to talk about an army, but rather about defense forces, because Latvia does not plan to create a classical type of army. We associate armies with somewhat serious numerical strength, with various types of weapons—artillery, tank divisions, etc. The main task of our defense forces will be border defense. In December the first sea-class armored cutter was purchased, and in February three more ships. The question of taking over, or at least buying, several Soviet Coast Guard ships must be resolved, so on this basis the sea-based defense service will be developed. At this moment the first 60 Coast Guardsmen have completed their training course and they can begin their full-fledged service. As soon as a ship is prepared, the lads will be able to go out to the border. The sea border cannot exist based solely on ships; a shore defense service is also needed, a detection system, etc. That is why we must haggle again with the Soviet side about taking over this system. Unfortunately official negotiations at the state-to-state level with the Russian side has not yet begun.

[Correspondent] In the parliament, in the government and in society many are criticizing the job being done by customs. Lately customs agents have been assisted by Home Guardsmen. Shouldn't that be the job of the border guards?

[Jundzis] If we remember that only on January 30 the first border guards went to the border, then it must be understood that now there still are not that many people. A certain length of time will pass before the 40 posts, which today already belong to the Ministry of Defense and are located along the length of the border, are taken over. I think that in the near future our border guards will already be able to accept responsibility for border control and defense. We are pinning great hope on those same Home Guardsmen, because this structure is prepared to take part in defending the borders. On the borders there are many

sideroads; on the Eastern border about 80. Our first assignment is to cover these roads, placing permanent posts there. Already in March, together with the Home Guard, we plan to do just that.

[Correspondent] News about internal feuding between the Home Guard and the Ministry of Defense has appeared in the press several times. How well-founded are these assertions?

[Jundzis] It seems to me that the conflict originated in the newspapers. That could have been encouraged by one or two statements from the side of the Home Guard staff leadership. Of course, I also have made various claims against the work of the Home Guard, but still I would not want to view it as a conflict; it is normal work process. It seems to me that the Home Guard did not begin its active work from the proper end. They should have begun, not with distribution of weapons, but with training citizens how to use them.

[Correspondent] In one of your speeches in parliament you said that in other countries such formations as the Home Guard functions under the leadership of the army or defense force military specialists....

[Jundzis] That is the second issue that has earned me criticism from the Home Guard leadership. I analyzed activities of the Home Guard in Denmark, Sweden, also Norway, where the Home Guard's military side is led by army officers. Of course political leadership remains with the parliament. Everywhere there is defense ministry leadership and control. This information came down to the Home Guard and was disseminated as if the Ministry of Defense wanted to subordinate the Home Guard to it. In the future the Home Guard should be subordinated to government structures.

[Correspondent] How is the cooperation at this moment between the Defense ministry and the Home Guard command?

[Jundzis] A joint plan for action in emergency situations has been worked out. Now the MD [Ministry of Defense] and Home Guard representatives are located in Sweden, where they are examining that country's experience, and we are planning such a trip to Denmark. Together with the Home Guard command we are preparing an order concerning the inclusion of the Home Guard in defending the borders.

[Correspondent] What sorts of weaponry do Latvian defense forces have right now?

[Jundzis] Last fall we had the opportunity to obtain weapons for our defense forces, but we did not hurry to take all of it for ourselves. At that moment the Home Guard was being established and they got almost all the weapons reserves. It seemed to us that first of all we needed to train people and only then to give them hand weapons.

[Correspondent] How would you characterize the Latvian defense forces technically and numerically?

[Jundzis] This year the size of the defense forces should have reached two-thirds of the planned total: about 6,000



armed men who could actually serve in military units. Altogether the defense forces will have 9,000 soldiers. These 9,000 may be divided into the land-based border guards (5,000 people), sea-based forces (1,500), the air force (1,000) and mobile infantry units (about 1,500 men). The main assignment of all formations will be defending the borders, and, in the event of a military conflict, also armed opposition. Here I have included only those forces, which the Defense Ministry controls. Alongside these formations as an armed structure we must mention the Home Guard, which is presently led by the Supreme Council of Latvia. The established military structure includes also police forces, as well as a few other interior services.

[Correspondent] The Interior Ministry's prisoner transport and prison guard regiments often are called "the domestic army," intending an analogy to the Soviet army.

[Jundzis] I am categorically opposed to this label. An army is generally thought of as units which do battle with something, but the competence of these regiments is limited to guarding jails. I view that carrying out state service in these units is only a temporary undertaking, because in other countries jail guards are permanent working people, who are subordinated to the Ministry of Justice.

[Correspondent] What did you mean when you used the term, "mobile infantry units?"

[Jundzis] Those are armed rapid response units which for the most part will assist in border defense. If somewhere a border incident occurs it is possible to transport these units quickly. The units will also have a domestic function. It cannot be excluded that the withdrawing Russian army will cause a threat to our state's security. And, if some hundred armed men decide that another *August* is needed, then this unit's assignment would be to liquidate the threat to the Latvian state.

[Correspondent] Is there being thought given to developing professional defense forces in the long range?

[Jundzis] We are not planning that. No European country is developing such a professional army. Every country has an active army (our defense forces) and a mobilizable reserve. In the event of war it is possible to call up reservists who have completed basic training. They have ready weapons and units to stand against the attackers. If we do not have a general call-up, then in the event of military conflict we will be able to count on only 9,000, because we cannot maintain numerically larger armed formations.

[Correspondent] Recently the parliamentary lobbyists have been gossiping to the effect that defense needs in the anticipated budget resources have risen from 7 to 25 percent....

[Jundzis] The final percentage is still not known. The draft budget anticipates 3.8 percent, for the Home Guard another 1.8 percent, but for the interior system 6.8 percent from the unified budget. Never in the Republic of Latvia has defense alone been anticipated to be less than 19 percent of the state budget. The world normal indicator is

5-7 percent, but it must be noted that elsewhere there already exists a "ready" army, and there expenditures are only for maintenance and improvements. We, on the other hand, must develop everything from nothing. Still, I am an optimist, because there are people and an organization supporting us more than does the parliament. For example, "Riga Textile" in these days transferred one million rubles to us, wishing us success in strengthening the statehood of Latvia.

### Military Budget Criticized

92UN1129D Riga LATVIJAS JAUNATNE in Latvian  
11 Mar 92 p 2

[Article by Ingus Gailums: "Military Cake"]

[Text] **The state lacks resources for science, medicine, culture, stipends, pensions and, finally, to stop the immense drop in the standard of living. But for the first half of 1991 the state budget attests that there is no shortage of funds for the military.**

The government and deputies allotted to this sector all that was requested. Defenders of the defense sector in parliamentary sessions knew to say that in the good old Ulmanis era, in 1938-39, the army was allotted more than 20 percent of the entire budget. Only an ignoramus or a demagogue pretending to be an illiterate would decide in such a manner. The structure of the Latvian state budget in the last 50 years has changed so much that almost nothing is left from the Ulmanis era they invoke. Until 1940 the budget financed only a trifling amount for medicine, and did not cover apartment costs and other similar expenditures.

If some specialist still succeeds in determining precisely the true share of defense in the pre-war budget, conforming it to this year's state accounting structure, I fear that this percent would shrink by a factor of 5-7. But it is much simpler to compare the militarism of Latvia's budget to that of the former USSR budget, because the structures are about similar. And so, the USSR last used four percent for defense, but Latvia in the first half of this year used six percent. Comparing these two figures, I well understand, that in the Soviet Union a share of military expenditures was diverted to economic accounts, and unfortunately also in Latvia a similar scenario is observable. Where should we place those resources that the national service workers earn, when the pay they receive is only at the minimum subsistence level? In the first half of this year Latvia spent 397 million rubles [R] for its military needs. That is enough to support 220,000 students for the same period of time.

Dividing up the poor budgetary resources, one could not fail to notice that the socialist principle, "to all economic sectors according to what is possible, not according to their needs," was observed, although the defenders of farmers pulled out the biggest wad of money for agriculture. From all the allotted investments this sector was offered 75 percent; for the rest only 25 percent was allotted. A budget planned in this way can exist only in a state that has no economic development strategy. Agriculture is not the



sector whose development will cause the other the sectors to improve. Similarly, agriculture at this time is not the sector that is delaying the development of the economy. In turn, if priority in investment policy were given to factories producing consumer goods, success would come quite soon. The budget would receive higher revenues which would provide the opportunity to increase salaries, stipends, pensions, and to develop other sectors. In that way a market for agricultural goods would appear, which would stimulate agriculture. But with the present budget there will be an overproduction of agricultural goods, because city dwellers will not be able to buy sufficiently large quantities of such expensive products. The beginning of this process can already be seen, and that, without a doubt, will be accelerated by the budget's shortage of resources for salary, stipend and pension expenditures with ruble inflation going on.

It has long been known that when a developed country's budget is planned with a deficit, it will be covered through internal borrowing, as well as through printing more money. No deficit is foreseen in Latvia's budget, but resource shortages are evident. Gatis Kaminskis, chairman of the main budget administration of the Ministry of Finance, views payments for the use of state capital and income from customs duties as dubious income resources. This sum comes to R307 million, and that is right around five percent of all budgetary resources. There are no means to get our hands on these payments. Representatives of the Ministry of Finance have reason to be upset by the actions of the Supreme Council deputies, who edited the law with an easy hand. In draft form the law assumed payments for the use of state capital to account for "15-25 percent of each quarter's income." In the law the number 15 disappeared, which complicates still further cashing in the rubles planned for in the budgetary numbers from enterprises.

About 72 percent of all this half-year's budgetary resources will come out of our own pockets: income tax, R374 billion; turnover tax, which is paid by stores in acquiring goods, R1,488 million (actually a hidden second income tax); excise tax, R1,980 million (e.g., raising the price of hard liquor); and surplus from last year's budget, R833 million, which was obtained by increasing prices. In contrast with that, enterprises and other types of producers will give up only 20 percent of all their revenues in the first half of this year, that is, almost one-fourth less than will inhabitants. And it is questionable whether this 20 percent will be actually realized, because the production sector continues to shrink.

The budget provides for grants and targeted subsidies for county and city budgets of R2,093 million, that is, 32 percent of the whole budget. Under these strained conditions was it wise to allot such a large sum to local governments, at the same time that overall control over the use of state money was lost? That would not have to concern us especially (Say, local deputies are honorable men; surely they will know how to use the resources wisely), if last year, according to the Ministry of Finance, local governments, which have probably been offered too

much authority in utilization of the budget, deposited large sums to commercial banks, on which they received meager interest rates. The most active in this business have been the Riga borough deputies. In light of the fact that the rate of inflation exceeded the interest paid by commercial banks on numerous occasions, we may deem the money to have been thrown into the wind.

It is more than clear that the new budget will lower the standard of living more quickly than the previous one, for, because of inflation budgetary revenues will increase more slowly than will expenditures. As Gatis Kaminskis explained, in developing the budget it was assumed that the minimum wage would remain constant. Of course, that relates also to stipends and pensions. That means that the plan is not to bloat our pockets by increasing prices. What interests were the deputies defending by voting for this budget? Even the specialists in the Finance ministry were unable to explain any more than, "whether we want it or not, sooner or later resources for wages will have to be found, but where is not known now." Perhaps increasing taxes on residents or thinking up new ways of pulling out a bigger ruble from peoples' pockets, thus creating a closed circle? This is a beaten path for the government. So, buying milk and meat will be sad. But that's nothing; let's eat military cakes!

#### Defense Organizations, Structures Criticized

92UN1129G Riga DIENA in Latvian 7 Feb 92 p 2

[Article by Hugo Legzdins: "Latvian Defense—Diarchy"]

[Text] We continue our discussion about the RL [Republic of Latvia] defense concept.

[Editor's note:] H. Legzdins—Last commander of the Republic of Latvia's navy submarine *Ronis*.

In evaluating the situation regarding state defense in Latvia, we must conclude that we, considering all aspects, are very weak. Several thousand armed men are divided into individual structures: state subordinated Ministry of the Interior formations (police, prisoner transport service, government guards) and the Ministry of Defense's border guards. For its part the Home Guard and SC [Supreme Council] guards are subordinated to the Supreme Council of the Republic of Latvia. Cooperation among these formations has not been established. The police are being reorganized, between the Home Guard and Defense Ministry there are serious conflicts developing and even, if it can be said, antagonism. The Defense Ministry is basing its activities for the most part on former Soviet army officers of Latvian nationality—theoreticians whose loyalty to the Republic of Latvia and abilities to work in Latvia's situation after working for a great military power is doubtful. It is also dangerous that Soviet military doctrines may flood into Latvia's nascent military power, but the Defense Ministry apparatus is being developed both from nomenclatura workers from the era of stagnation and from the high- and mid-level former Soviet army officers, whose professional training fundamentally does not support Latvia's defensive capabilities and structure.

It is absurd that a Ministry of Defense exists, which is concerned only with guarding the borders and state service registration. And it is happening in circumstances when we have no conception of Latvia's defense and when the state's borders are not really guarded, not even marked, nor are customs defense and activities secured! A very unsafe situation is developing in Latvia—the functions of the state structures concerned with defense of the state are overlapping, though some of these structures want to carry out the duties, which they are unable to realize. Although I have served in the regular Republic of Latvia armed forces, in the navy, it is my view that our state does not need to develop a professional army, because that would be too expensive and will not be strategically useful.

To develop Latvia's defense system, I recommend this kind of scheme.

Until the [election of the] Saeima [parliament] (1992-1993), we must implement a transition period. The government, that is, the Ministry of the Interior, must take over subordination of the police, prisoner transport, government guards and border guards, who carry out narrow, specific functions. That is dictated by historical experience, as is the argument that in this option the Interior Ministry formations in times of peace are the only deployed military structures. Subordinated to the Supreme Council's Defense Committee must be border guards, SC guards and the recently developed Coast Guard. That must be done because Latvia's main armed powers, the Home Guard and the Coast Guard must be strong, well armed and the highest power, subordinated to the President of the state. Home Guard and Coast Guard training must be essentially different from the Interior Ministry's armed unit training. That all must be developed and foreseen already now, with all due haste, and much might depend on how a small state such as Latvia can allot her armed power.

On the development of cadres in the defense forces. After World War I very many former Tsarist Russian high- and mid-level officers flooded into the Latvian state's armed forces, including the navy. At this moment a new state is taking shape, and it may seem that we should do the same. Still, it is a very delicate matter. Back then the Tsarist army was not saturated with political doctrine and the ideas of communism, while in the Red Army and Navy the Party and communist ideas were put in first place and only that gave the opportunity to receive a doctorate or graduate training. Now scientific communism has been placed in the coffin and buried, and along with that those ideas, which have soaked into the highest level militarists, must be buried, but those who are still left must be handled with the greatest care.

With all due haste a Latvian military academy must be opened. In the beginning, with abridged courses of instruction, later expanding them and selecting cadets wisely.

We must elect a Saeima as soon as possible, so that it could approve the final state defense model. In my opinion it might be as follows. To realize this model the function of each structure would be strictly delineated;

the defense system would be based on national forces that are loyal to the Republic of Latvia (more than 50 per cent volunteer);

there would be a high level of mobilization and decentralization, perfect familiarity with the territory that permits serious and enduring battling against any potential enemy;

armed (armaments: infantry, light anti-aircraft, anti-tank weapons) and loyal citizens of the Republic of Latvia would become the guarantors of state security;

the number of civil servants (13,000 of 41,000 under arms) from the state budget would require relatively small sums.

P.S. Figures are approximate; information based on various press reports.

### Latvians Criticized At Troop Withdrawal Talks

92UN1129E Riga LATVIJAS JAUNATNE in Latvian  
7 Mar 92 p 2

[Article by Juris Putrins: "When Juris Volunteers, Janis Will Resign, Or Some Comments Concerning First Meeting of Delegations Led By J. Dinevics And S. Shakh-ray"]

[Text] On February 1 of this year the Republic of Latvia's State Minister Janis Dinevics and the Russian Federation government Vice Chairman and state councillor for legal political questions, S. Shakh-ray, signed a joint communique, which read:

"In addition, the sides agree that the aforementioned armed forces are recognized as foreign armed forces...."

Dinevics explained in a special session of the PFL [Popular Front of Latvia] Council:

"...without a doubt, one of the most discussed questions is what to call this army. You all remember well that not long ago a Baltic Assembly took place in Riga. Three states participated: Latvia, Lithuania and Estonia. And at this meeting a formulation was agreed upon. And we stuck to that formulation, to which we had agreed in these international talks among the Baltic states."

We must express true respect for our State Minister, who, having given his word to Lithuania and Estonia, has kept it, and the honor of Latvia has not suffered, at least in this case. It must be added that it is true that neither the Lithuanians nor the Estonians have been insistent enough to achieve a similar agreement with the delegation headed by S. Shakh-ray.

How should this document be evaluated?

Having posed the question, Dinevics himself also answered it.

"Well, the Russian Foreign Ministry observed that, of all three Baltic states, **Latvia was the best prepared**."

An authoritative assessment, which only strengthens the widely known secret about the true goals of Shakh-ray's slapdash, quick visit to the Baltic states: Moscow had to demonstrate their good will to the West, particularly to

America, which links its generosity with the Baltic question. The same as the "Week Without a Press" in Latvia, it is not because our government is concerned with real democracy, the imitation of democracy in the Baltic is most needed by Moscow, so we needed to begin to move.

That the Latvian delegation was the best prepared is also supported by the documents that were signed. For the sake of comparison, a few excerpts so that the reader may decide for himself.

"The Estonian side **affirms its understanding** of the interests of the Russian Federation, which are related to the withdrawal of its armed forces from the territory of Estonia."

"(...) the Lithuanian side **expressed its readiness to honor** the interests of the Russian Federation, which are related to the withdrawal of its armed forces from the territory of Lithuania."

"(...) the delegation of the Republic of Latvia **affirms its readiness to observe** the interests of the Russian Federation, which are related to the withdrawal of its armed forces from the territory of Latvia."

So, behold: the readiness to observe (!) the interests of the Russian Federation was affirmed only by the delegation of Latvia. And only the Latvian side succeeded in getting, after affirming its readiness, in the next sentence to say: "What is this army called?" i.e., only Latvia observed the agreement of the Baltic Assembly. The Latvian side in relation to this has every reason to send notes of protest to the Lithuanian and Estonian sides. In addition, as it relates to Estonia, that is not the first time that Estonia has overstepped an "agreement" among the Baltic states.

In the fall of last year we could read in the Latvian press that in Vilnius the Baltic states agreed to develop a unified visa zone. For their part, after a while the news appeared in the Estonian press that the government of Latvia had signed an agreement with Russia on movement without visas between Latvia and Russia, so the irritating Estonians came up with a formal reason for not observing the Vilnius agreement and began examining documents and demanding visas also from those who enter Estonia across the Estonian-Latvian border. It is true that Dinevics was not the State Minister at that time, so this step backwards, as they say, does not relate to the matter.

Yes, it just might be, that we, too, are too irritating, for the agreement between Latvia and Russia on the rules, terms, and order of how the army is to be withdrawn from the territory of Latvia, has not yet been concluded. There is talk only of a communique. But something else promotes caution: tendencies. It is in vain that Janis Dinevics becomes indignant when I questioned the legality of the Baltic Assembly. An international treaty with Russia was agreed to in the space of a few hours. The text prepared in Moscow attests that the concluded treaty between Russia and Estonia is almost completely the same. No treaty concluded among the Baltic states exists even today. And I do not see Latvia exhibiting any particular zeal. There is nothing to conceal either in the Baltic Assembly, nor in the

"agreement" reached in the Baltic Council, which is not binding on any one of the Baltic states. None of the three "agreements" has been ratified by Baltic states' Supreme Councils to my knowledge. And, when Janis Dinevics is asked: "Who has authorized the Latvian delegation to conclude these kinds of 'agreements'?", he answers: "The Supreme Council has authorized us to attend these talks." But that is not the question I asked, Mr. Dinevics! **Who** authorized the delegation is known. The question is **what** is the delegation's authority? And that relates not so much to the Baltic Assembly; in this matter everything seems like it is clear to everyone, but to the delegation that ratified the discussions with Russia. The People who, with the mediation of the Supreme Council, authorized the delegation to talk with Russia, has the right to know **what kind** of authority the SC [Supreme Council] has granted them. Having obtained absolute authority, governments often forget that they are only salaried servants of the people who have an obligation to defend the interests of the people. Defending other interests may turn out to be also traitorous against one's own people. Whatever the case, it is the signature of Janis Dinevics that appears on the document, which states that "the delegation of the Republic of Latvia affirms its readiness to *observe* the interests of the Russian Federation, which are related to the withdrawal of its armed forces from the territory of Latvia." But one can relate any Russian Federation interests to the withdrawal of the army one wants. So, it may turn out that Janis Dinevics will not have the power to observe Russian interests.

Janis Dinevics believes that the withdrawal of armed forces means also the liquidation of worries. The communique itself contains not a word about worries. Dinevics went on: "Our interpretation was that withdrawal of bases and people are the same thing." But what is the value of this gentlemen's agreement with Russia, if the Baltic states do not observe even their own gentlemen's agreements? It is perhaps true that Mr. Dinevics was thinking of army stationing places.

About integration into the European security system.

The announcement signed by Estonia states that one of the factors that influences the withdrawal of troops is assurance of Northern European stability. Lithuanians mention the security of the European continent and world and strategic stability. The Latvian delegation confined itself to: "the national security interests of Latvia and Russia, as well as the social protection of military personnel and members of their families."

It must be added that integration with Europe without full democracy, without a legally elected parliament, without assurance of long domestic stability, will remain an unrealizable dream. Our government's disposition to be a dictatorship is not very concealed. It seems that also Mr. Dinevics, longtime leader of the PFL faction in the Supreme Council, rather successfully managed to direct the pace of legislation into such a channel, that behind the government's hidden powers (or those not seen by the government), there would be every opportunity to grab

economic power. To provoke the declaration of an emergency situation is not beyond the realm of possibility. And longlasting domestic stability will not be assured with offers of apartments for retired officers, nor with the "zero option" and not even with a 15 year qualification in the Citizenship law.

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I admit that at the aforementioned PFL Council session I dared to ask our State Minister another question: "Does Mr. Dinevics believe that the time has come for the government to resign?"

"No, Mr. Putrins, I do not believe so," Janis Dinevics answered, "the only thing is, if you you were named Prime Minister I would resign for you."

If Mr. Dinevics has the authority also to accept nominations for the Prime Minister's chair, then please view this article as such a nomination. I hope, on Mr. Dinevics's word as a gentleman, because as much as I understood from what was said, if Juris is nominated, then Janis will resign.

#### **Azeris Attempt Recruiting in Riga**

92UN1129F Riga DIENA in Latvian 28 Feb 92 p 1

[Article by Atis Klimovics: "Mironov Denies Azeris"]

[Text] Riga, February 27. A delegation authorized by the president of Azerbaijan arrived in Riga tonight to meet with North-West Armed Forces Group's active officers and warrant officers who wish to go to Azerbaijan to continue serving in the state army. The delegation planned to meet with group commander V. Mironov, but the meeting was cancelled. On February 24 the Azerbaijani Minister of Defense had sent Mironov a request to help military personnel transfer. Delegation member Rafik Mamedov to day told DIENA that military personnel who agree to go to Azerbaijan (including non-Azerbaijanis) will be assured of apartments, salaries, supplies, and medical care. Latvia's Azerbaijani Cultural Association chairman Faig Safarov told us that soldiers of all nationalities, except Russians, of the North-West Armed Forces Group units are being prepared for stationing elsewhere. It is planned to transfer Azerbaijanis to Central Asia. There are about 2,000 military personnel of Azerbaijani nationality serving in the Baltics today.

In the event that the meeting does not take place tomorrow, soldiers will come to the assigned quarters "on the q.t."

#### **Latvia's Envoy to Russia: Relations Worsening**

92UN1287A Helsinki HELSINGIN SANOMAT in Finnish 25 Apr 92 p C 4

[Unattributed article: "Relations Between Latvia and Russia Becoming Strained: Oil and Gas Deliveries From East Have Ended"]

[Text] Latvian Ambassador to Russia Janis Peters expressed the opinion in Helsinki on Friday that relations between Latvia and Russia have recently been coming to a

head. He said that negotiations on the withdrawal of troops have not advanced at all and that oil and natural gas deliveries from the East have come to an end.

With the exhaustion of fuel oil, homes in Riga are now unheated and hot water will also be cut off next Tuesday. The natural gas generally used in households may come to an end "with the now virtual shutdown" of the gas pipeline. Unless a reserve of natural gas is built up, next winter may be a "very tragic one."

According to Peters, the third critical factor is the fact that Latvia is running out of rubles. "Officials and other government employees have not received their salaries for over a week now because there is no money. If factory workers don't receive their wages either, we'll be threatened with an explosion."

"When I presented my credentials to President Boris Yeltsin last winter, he said that there was no question of an economic blockade organized by Russia, but that it was the general chaos. I think that he believes this, but perhaps he does not know what his mid and low-level officials are doing."

#### **Russia Condemned Territorial Demands**

Peters said that Latvia has sent the food to Russia required by the clearing agreement without receiving oil from the latter. "This is why our government will probably try to obtain fuel oil from Norway or the Near East."

This week Peters received a note from the Russian Foreign Ministry vehemently condemning [Latvia's] territorial demands. The reason for this was that the Latvian Parliament had declared null and void the annexation of the Abrene (Pytalovo) area by Russia in 1945 and that the Latvian border has been moved farther east on new maps in keeping with this.

"From the legal point of view, the dispute is a serious one and I do not think that it will be settled quickly. I realize that the Kurile Islands take precedence over this and that, if new steps are taken, it will be in that direction. However, I think that we had the right to remind them that they had taken land from us unlawfully."

Russia reminded Latvia of the inalterability of their borders on the basis of CSCE principles. "The CSCE does not, however, prohibit negotiations on border changes."

According to Peters, Latvia's domestic policy situation, its new laws, and the large number of Russian-speaking residents are reflected in its relations with Russia. "Myths are being spread about our trampling on the human rights of our Russian-speaking citizens and about our closing down their schools."

Almost every Sunday there have been demonstrations by "patriotic forces, Communists, and monarchists" in front of the Latvian Embassy in Moscow in which they demand its old borders for the empire and criticize Latvian policy.

Negotiations on the withdrawal of Russian troops have not really begun nor have they led to any results. "On the



Russian side there is disagreement between the professional diplomats and the representatives of the Army."

### Statistics on New Farms, Acreage Given

92UN1123G Riga NEATKARIGA CINA in Latvian  
3 Mar 92 p 2

[Report of the Supreme Council of the Republic of Latvia: "On Projected Primary Results of Land Reform"]

[Text] Of the 76,100 claims for private farmland that had been submitted by 20 Jun 91, 75,200 (99 percent of the total) had been reviewed by 10 Feb 92, of which 5,100 (6.8 percent) had not been decided to the satisfaction of the claimant.

These re-established or newly established individual private farms will number 50,000 by spring 1992 and have an average area of 14.4 hectares. By 1996, they will number 71,000 and have an average area of 23 hectares. At that time, such farms will constitute 1.64 million hectares, or 42 percent of the total area of land allocated for agriculture.

Of the 112,400 claims for household plots, 112,000 have been reviewed, of which 1,800 (1.6 percent) have not been decided to the satisfaction of the claimant.

By spring 1992 there will be about 110,000 household plots with an average area of four hectares, accounting for 11.3 percent of the total area of land used for agricultural. In addition, a small amount of land (about 200,000 hectares) will be leased for personal supplemental farming.

Thus, by 1992, about 35 percent of the land allocated for agricultural use will be in the hands of natural persons; by 1996, this figure will be about 60 percent.

The number of land claims submitted by former landowners or their heirs—whether for private farms, household plots, or personal supplemental farming—was 129,000, which accounts for 45 percent of all such claims from natural persons.

According to the registry of unsatisfactorily decided claims, the number of former landowners or their heirs who were dissatisfied was 9,150 claimants (7.1 percent of the total), and accounted for 125,500 hectares (7.8 percent of the total area of land claimed).

The main reasons for complete or partial refusal to award land and for entries into the registry of dissatisfied land claimants were as follows:

Located on the Requested Land Is/Are:	Number and Percentage of Claims	Area Requested and Percentage of Total Area
Buildings for production and other uses that belong to other natural or legal persons, plus the minimum amount of land necessary to ensure their continued use	4,802 (52.5 %)	76,180 ha (60.7 %)
Land requested by the local government, usually for personal supplemental farming	1,703 (18.6 %)	19,326 ha (15.4 %)
Household plots	1,221 (13.3 %)	7,857 ha (6.3 %)
Private farms established before the land reform	948 (10.4 %)	12,969 ha (10.3 %)
Land intended for plant breeding and scientific research	334 (3.6 %)	6,766 ha (5.4 %)
Mineral deposits of use to industry	145 (1.6 %)	2,425 ha (1.9 %)
TOTAL	9,153 (100 %)	125,523 ha (100 %)

These figures will be fine tuned at the end of March of this year—that is, after land allocation has been completed.

The materials submitted by the State Land-Use Department of the Ministry of Agriculture, the firm *Zemesprojekts*, and the rayon Land Commissions, were compiled by O. Lescinskis, consultant to the Supreme Council's rural land commission.

## LITHUANIA

### Vilnius Exchange President on Commercial Prospects in Republic

92UN1256B Vilnius TIESA in Lithuanian 9 Apr 92 p 3

[Interview with Ceslovas Maculevicius, president of the "Vilnius Exchange," by Rasa Andrasiunaite in TIESA: "Business and Art"]

[Text] [TIESA] Our society is slowly and painfully going over to market relationships. But the commercial exchanges have found their place in the sun instantly and easily. Could this apparent ease be deceptive?

[Maculevicius] For all I know—yes. Commercial exchanges were first created in a vacuum. The state played a part in the creation of the Baltic and Lithuanian exchanges. We are a private capital exchange and had to solve all our problems by ourselves. From the very outset we had no illusions that somebody could help us. We had to put in an enormous amount of work.

Even today we are still far from having solved many financial and organizational problems. But thanks to the creative endeavor of all the people involved, the "Vilnius Exchange" is enjoying a relatively good financial condition. Some 20 trade exchanges have been created by this time, but only 3-4 of them are engaged in continuous trading. The others are so far active more as commercial structures.

[TIESA] In our society, the businessman as a character is still in the formative stage; he has not yet been outlined in prose or drama. How are our businessmen different from their Western counterparts?

[Maculevicius] Our businessmen cannot compare themselves with the representatives of Western business because they are working under entirely different conditions. In the West the economy is stable and each businessman has found his concrete place in the commercial activity. Before making a decision, a Western businessman can quietly think everything over, calculate everything over and over again. Our businessman is always in a hurry because he is afraid to be late; therefore he does less calculating and finds himself more frequently in risky situations. Also, the commercial process may often be disrupted because of the partner's fault, who is also operating in an unstable economy. This is especially true for the republics of the former Soviet Union. When a deal reaches the final stage, in 80 percent of the cases a payment in advance is requested; meanwhile in the West, a contract or even a verbal agreement is deemed sufficient. Additional difficulties arise because of transport licenses and similar matters. The Western businessmen are never confronted with such problems. In its arbitrage operations, the "Vilnius Exchange" is trying to defend its businessmen on an international level.

I dare say that our businessmen are more resourceful than their Western counterparts—they are better able to adjust themselves to various surprises. We have a great range of possibilities. A quick rise is possible and, unfortunately, so is a sudden bankruptcy. However, there are already structures that, given certain guarantees, are showing a constant profit.

[TIESA] In the entire world, commerce supports art and that is considered a matter of prestige. The Western countries have specific legislation promoting subsidies to art; traditions and various forms of subsidies have been created. So far we have nothing of that kind, business and art lead separate lives. How could they be drawn closer? Are business people interested in establishing ties with the people in the arts?

[Maculevicius] I do not think that the main problem has to do with laws which are certainly not favorable to philanthropy and subsidies. We are all going through a difficult time. When the economy is in crisis, culture also suffers. Besides, the business people are mainly interested in gaining a firm foothold and so they do not have much chance of thinking about others. Yet we, the people of business, feel genetically that such ties are a must. Those who establish firmer foundations, try to be of help. In 1991-1992, the "Vilnius Exchange" allotted 82 thousand rubles to assist the International Song Competition "Vilnius-91," the Lithuanian Choir Association, the Vilnius handball team "Egle," and others.

The difficulties accompanying our growth are temporary. Sooner or later we shall be able to live like normal people, and so the cultural matters will also improve. I think that, in addition to the state policies for the support of the arts,

the business people will also make themselves felt. Of course, certain legislative standards and regulations are required to promote the sponsorship of the arts. Otherwise, Lithuania may lose some talented artists to emigration.

[TIESA] If one wants to achieve something tangible, one must expend a lot of strength and energy for such activity. Yet every businessman, even the most successful one, has a complex spiritual world. Do the people of commerce read books, frequent theaters and concerts?

[Maculevicius] I am so busy that I have not been to the theater for three years. But the need for spiritual values will always remain an urgent one. Money alone will never guarantee harmony in the society or in the family.

We do think about the leisure time of our employees and we want to offer them the best possible working conditions. We hope that in the future it will be sufficient for our employees to work 6 hours a day in order to be able to provide for their families and to feel secure about their future.

I am not very impressed by asceticism and I do not believe that one is able to enjoy spiritual treasures without a kopek in one's pocket. Human beings need universal, harmonious life. For a long time we have lived in a society that was based on a distorted value system.

[TIESA] Thanks for the conversation. Much success to the "Vilnius Exchange."

### **Bank of Lithuania Official on Currency Controversy**

92UN1256A *Vilnius TIESA in Lithuanian* 8 Apr 92 p 3

[Interview with Marijonas Mankiavicius, deputy director of the credit and emission department of the Bank of Lithuania, by Algirdas Strumskis in TIESA: "The Bank—a Mirror of the Economy"]

[Text] The production is declining, but disputes about rubles, coupons and *litas* (Lithuanian currency) are increasing.

[TIESA] Gediminas Vagnorius' Government is accusing the Bank of Lithuania of a failure to supply the Republic with currency—rubles. What is the real situation?

[Mankiavicius] The Bank of Lithuania does not print rubles. Meanwhile Russia is supplying us with rubles inadequately, because the same problems exist there. They are joking at the Bank of Russia that the only economic mechanism to slow down the issuance of banknotes is the capacity of "Gosznak": is there enough paper and dyes, how fast are the printing presses turning.

Following considerable efforts, the Bank of Lithuania received in March of this year from the Central Bank of Russia 200 million rubles in cash. Obviously, that is too little, and therefore we are being accused and urged to ask from Moscow, to demand and even to go on a hunger strike in order to bring home the money.

But the Government is forgetting one simple matter: the people's income and expenses must be balanced. The people get money, they use it to buy goods and pay for services. And so the money should return to the bank. The bank is a cashier: when the money comes back to the till—we pay off, when it does not return—we do not pay off.

They say that the bank is a mirror of the economy. If the bank sees that there is a shortage of money and there is nothing to draw on for payments, it informs the Government. The Government and the bank work out ways of how to activate and increase production, services, i.e., to see that more goods are produced, and that there are more services. In our country, however, little attention is given to production. The situation is very favorable to business: all one needs is to buy something, to wait a little while and to sell—and you are already rich.

A concrete example: if in March we had paid out all the salaries, pensions, scholarships, etc., these payments would have been approximately twice as large as in January of this year. Receipts from commerce have increased only by 17 percent. This means that we have to print new money! But we cannot do that.

[TIESA] How does Russia justify its refusal to sell us cash?

[Mankiavicius] By saying that Lithuania does not have the means, i.e., the soft currency, to buy the cash. And this is true. During the three months of this year, our industries, enterprises, organizations and firms have paid to Russia's suppliers for the goods and services they acquired from them 2 billion 700 million rubles more than they have received from them for selling goods and providing services to Russia. Thus the deficit of Lithuania's balance of payments with Russia was 2 billion 700 million rubles on April 1. If we want to get rubles for something other than hard currency—we must export to Russia.

[TIESA] Could the turnover of rubles in Lithuania be accelerated so that they would return to the banks more quickly?

[Mankiavicius] At present money in Lithuania "makes a full cycle" almost in a month. Such a speed is unknown in any country of the world. The U.S. dollar makes 6.4 such "cycles" annually—approximately every two months. Our bank has already used up its possibilities to accelerate the turnover of money. The failure to coordinate the Government's economic policy with the bank, and not only with it, when the money is used for consumption only, will obviously disrupt the turnover. In general, the circulation of money may collapse.

Moreover, our enterprises still owe a lot of money for material goods. They have used up the turnover funds for the payments and have no money to settle accounts among themselves. In the past, the enterprises used to owe several millions of rubles for materials and raw materials, and even that used to provoke an uproar; at present, industrial and agricultural enterprises are burdened with mutual

debts amounting to 5 billion rubles. And nobody is concerned about it. The Bank is under pressure—give credits to the enterprises. But where will it take them from?

The Government is blaming us with having hidden a billion rubles. But it is the other way round. At the beginning of this year, about 1-1.5 million rubles were taken from the emission, i.e., from the moneys we had taken from Russia's centralized banks; by April, this sum will have risen to 4 billion rubles. But this is an intrusion into the credit reserves of the Foreign Bank. Of course, we have that right because the emission is in their hands. But the scary thing is that Russia might close our correspondence accounts if we keep independently dipping into their loan funds, without coordinating matters with them. As the turnover of money increases, we need more and more of it.

[TIESA] When the prices of industrial products reach such fantastic levels, most of the people's main concern is to have enough money for food. Few even give a thought to buying clothes. There is obviously nothing unusual about it, since in March income from trade has gone up only 2.3 percent as compared with February.

[Mankiavicius] Yes, sales of manufactured goods have gone down. But this is the merchants' problem. The merchants are now paying 23 percent interest to the bank, but if they failed to sell the goods they would go bankrupt. If we keep raising salaries at such a pace, then the merchants may not reduce prices. A race is on: the salaries are getting bigger, and so are the prices.

[TIESA] How, in your view, could we escape from this labyrinth?

[Mankiavicius] There are two ways: either we introduce a substitute of cash (in case we still refuse to repudiate the ruble), or we introduce our own currency. The second variant is unacceptable at the present time—the Lithuanian economy has not yet been prepared to introduce the *litas*. Therefore we have no choice but to introduce a substitute money.

When last year we started printing the general coupons, we were planning to use them when we got short of rubles (Now the Latvians are going to do that). But the prime minister released the "vagnoreliai" coupons side by side with the rubles. Can we now transform them into money, as G. Vagnorius has proposed? No. The people and the merchants now have 700 million worth of coupons. If they had suddenly been transformed into rubles, they would be exercising a tremendous pressure on the market. Moreover, counterfeit coupons also exist. Therefore the bank has suggested the issuance of new small notes in the denominations of 200 and 500 that could be used as coupons. They would replenish the money turnover.

[TIESA] Shall we receive them as money?

[Mankiavicius] Yes, they will circulate as money, and only in Lithuania. The final agreement has not yet been reached, but, for instance, we propose that 30-50 percent of the salaries and wages be paid in these coupons of 200 and 500 nominal value. People will get them as part of

their earnings, and not side by side with the rubles as was the case with the general coupons. If you will purchase 100 rubles worth of goods and will present a coupon marked 500, then you will get two 200 coupons or 400 rubles change.

[TIESA] These are doubtlessly temporary measures. And what problems would the introduction of the *litas* currency present?

[Mankiavicius] Try to imagine—tomorrow we introduce the *litas*. We are not ready for such a monetary reform. We have not come to an agreement with the Eastern (Commonwealth) countries on how we are going to trade with them: by way of clearing, barter or currency. They will not accept our *litas*, and we will not be selling meat, dairy products and other things for rubles, because we do not need them. We could buy and sell for convertible currency. But neither we, nor the Commonwealth countries have such a currency. Barter is the only way: we shall sell them a million dollars worth of butter and we shall buy from them a million dollars worth of petroleum. But we have not yet signed such an agreement with any of the Commonwealth states. They are also not very much interested in such an agreement, because they are trying to keep us in the ruble zone and thus dependent on them. This means that agreements are possible only on the state level.

Secondly, if, after introducing the *litas*, we shall continue raising prices and increasing salaries, then we will have to print more and more money (although we have printed enough *litas*).

But we may produce so many *litas* that, for instance, in Moscow they will be paying 100 rubles for one dollar, but in Vilnius that same dollar will cost 200 *litas*. The result will be a catastrophe. People are now saying that the ruble is made of wood, but if we will act in a similar way, then our *litas* will be made of straw.

[TIESA] There are voices that the Government is planning to use convertible currency to acquire monetary notes and even to pay salaries.

[Mankiavicius] We shall need the dollars to stabilize the *litas*. If we started paying salaries in dollars, it would cause a worldwide sensation. I do not think that these dollars would return to the bank. If you and I would get even a part of our salary in dollars, we would not rush to spend them. And we have such a need of convertible currency to purchase medicines. Unfortunately, we know very well how to squander convertible currency...

[TIESA] Thank you for the answers.



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